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### **World News**

### Strains in Sino-Soviet relations 'diminishing'

that next week the two countries said. Foreign institutions will be would discuss the key issue of allowed to bid. Page 23

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The Israeli-appointed mayor of the West Bank town of El-Birch was stabled in the chest following demands by underground Palestinian leaders that Israeli-appointed officials resion from appointed officials resign from their jobs. Page 3, Shultz ends strongly on the London Metal tour, Page 22

Exchange yesterday and in dollar

Aighan pull-out delayed Soviet troops were reportedly delaying their pull-out from Kan-dahar, Afghanistan's second larg-est city, as Moslem guerrillas prepared for an assault,

Managua peace talks US-backed Contra rebel leaders arrived in Managua for a fresh round of peace talks. A major stumbling block in the talks was likely to be a timetable for disarmament of the rebels.

indian troops withdraw A small contingent of Indian troops pulled out of Sri Lanka, the first group to leave since India sent 50,000 soldiers to the island 13 months ago. As they left, Tamil rebels blew up a jeep and killed an Indian soldier.

### Iran release hope

Optimism about the possible release of UK businessman Roger Cooper, held without trial in a Tehran jail since December 1985, ing. and FT-SE 100 malex 1081 12.5 has been raised by Iran's decision to permit his brother to visit him.

TOKYO: Late selling dragged

### Armenian vigil

About 300 Armenians demanding official action on disputed regional boundaries maintained their vigil in Yersvan, capital of the Soviet Armenia.

Danish port of call British and US warships will be

# Beirut car bomb

A car bomb exploded near a Syr\$1.8127. It closed in London at ian army checkpoint in south \$1.8120 (\$1.8025); DM3.1075
Beirut, touching off a firefight (DM3.0950); Y227.75 (Y227.25); between Syrian troops and proFFT10.4950 (FFT10.4625). Page 35 men. Police report at least five people killed and 30 injured.

Rafsanjani re-elected Mr Ali Akbar Hashemi Rafsan, joint venture. Page 23

Bangladesh Islam bili

members damaged vehicles and Spain's two largest ban halted traffic in Dhaka after Par-plan to merge. Page 23

with the space station Mir.

Somali rebei claims which has just emerged as the world's largest insurance comtuned the airport in Hargeisa, the country's second city, amid continued fighting. The Somali Government ordered 160 foreigners to return to their jobs today or

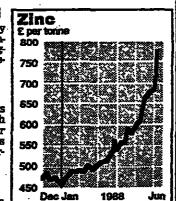
Swedes shoot cliffs

### **Business Summary**

### UK set to privatise Girobank in autumn

Soviet Deputy Foreign Minister Igor Rogachev briefed Chinese officials in Peking on the US-Soviet summit and said the obstacles to improved Sino-Soviet rela-tions were "diminishing" and Clarke, UK Minister of Trade,

DU PONT, US chemicals group plans to invest \$200m during the



LONDON: Stronger pound curtailed interest in recent interna-tional favourites ICI, Glaxo and Beecham, which saw light trad-ing and FT-SE 100 index lost 12.5

equities down for the first time in three sessions, although the Nik-kei average exceeded 28,000 briefly for the second day run-ning. The Nikkei average lost 28.92 to 27,967.32. Page 46

WALL STREET: The Dow Jones industrial average closed down 20.62 at 2054.59. Page 46

DOLLAR closed in New York anie resume routine caus at least in New Tota at the Total at the Tota

STERLING closed in New York at

INTEL, US semiconductor manufacturer, and Siemens of West Germany, announced the formation of an important computer

jani, recently appointed as Acting CARTERA CENTRAL, joint vennian Armed Forces, was re-elected as Speaker of the Parlia-ment Pages ? and single biggest shareholders in Banco Central, has started Bangladesh Islam bill buying shares in Banco Central Thousands of opposition party and Banco Espanol de Credito, members damaged vehicles and Spain's two largest banks, which

liament passed a controversial amendment making Islam the national religion of Bangladesh.

Soviet space show

NORSK HYDRO, Statoil and Saga Petroleum of Norway, may between them acquire a half-share in a US liquified natural gas receiving terminal. Page 24

The Soviet Union showed off its space programme with an extensive television broadcast of the year's first manned launch. Two Soviets and a Bulgarian in a Soyuz TM-5 capsule were to dock of Larochette, French subsidiary, to René Coativy. Page 24

Due to technical errors, there pected foreign submarines it fired guide to world currencies. A corat in recent days turned out to be rected version appears on page underwater chiffs.

Technology Unit Trusts Weather

# France to press UK on exchange rate participation

THE NEW French Government intends to step up the pressure on Britain to become a full member of the exchange rate mechanism (ERM) of the European Monetary System (EMS), as an essential complement to the liberalisation of capital movements in the European Community.

Mr Pierre Beregovoy, France's Finance Minister, is expected to lay out the French argument, at next Monday's Council of Minis-

participation in the ERM has a

lestabilising effect on the Euro-

pean currency unit. That meeting will discuss the European Com-

French anxieties about the of foreign cheques which could destabilising effect of the non-be cashed without prior authoris-participation of sterling in the ation. ERM are shared by the Italian Government, which submitted a Sovernment, which submitted a remaining are those on the open-aper on the issue to the EC ing of foreign and foreign-cur-fonetary Committee in March.

The new Government in Paris citizens and on French franc paper on the issue to the EC Monetary Committee in March.

mission's proposed directive for is not opposed to the liberalisa-liberalising capital movements. tion of capital movements; since The French Government is the re-election of President Mitlikely to make the same point to terrand, Mr Berégovoy has intro-Mrs Margaret Thatcher, the Brit-duced some minor liberalisations ish Prime Minister, when she of French exchange controls. meets President François Mitter- Last week, he removed the limits rand and Mr Michel Rocard, the on companies' holdings of foreign French Premier, in Paris on Fri-currency or overseas borrowings and lifted the ceiling on the size

lending to foreigners. But Mr Beregovoy is understood to believe that the liberalisation of capital movements may make the management of the EMS more difficult, and that this management problem will be exacerbated by the fact that the

pound is a component part of the value of the Ecu but not stabi-

lised within the rules of the ERM. In the end, the French Finance Ministry believes that Britain must either join or leave the EMS entirely. In order to put pressure on the UK, Mr Beregovoy is believed to be considering with-

in the Community, which would be to Britain's advantage.
"The hour of truth is approach-

Finance Ministry official yester-day. "All progress in the mone-tary domain in the Community is now conditional on British participation in the exchange rate alternative, the idea of a twospeed monetary Europe is In Brussels a senior Commis-sion official yesterday played down the significance of implied Continued on Page 22

"Sweden must continue to be a

squares, whether we are ordinary



# Seven die in S African unrest as support for protest strike wavers

SUPPORT FOR a national strike cent of workers in the township protesting against the South African Government's proposed showed signs of slackening yes-the country responded to the terday amid reports of increasing unions' call to stay away from violence on the second day of the work three-day campaign.
South African police reported

Johannesburg township of Sow-eto. Media coverage of the protest is curbed by censorship regulawas the highest for three years.

more bombs exploded on railway

stayed at home but the figure dropped to 70 per cent yesterday. Nearly 2m black workers across

Yesterday taxis, buses and trains in and around Johannesthat seven people were killed and burg were marginally fuller. 21 injured in several unrest-re-lated incidents in Natal and the slipped out by side-roads and slipped out by side-roads and walked to work. In contrast to the decline in support in Soweto and elsewhere,

there was an almost total stoppage by transport workers in Natal. More workers stayed at police yesterday warned local newspapers against publishing home as a result of alleged munication.

An eight year old boy was killed and a black woman injured reflects the rivalry between unions affiliated to the Congress of South African Trade Unions

(Cosatu), which is linked to the United Democratic Front, the On Monday an estimated 90 per leading anti-apartheid alliance,

and the United Workers Union of South Africa (Uwusa), backed by Chief Mangosuthu Buthelezi's

Uwusa opposes the stayaway and argues against Cosatu's prosanctions and foreign disinvest

ment stance.
In Johnnesburg, organisers of the protest accused employers of intimidating workers by threat-ening dismissals and docking pay. Mr Piet du Plessis, Manpower Minister, warned that the strike was illegal and appealed to the unions to put to him their objections to proposed amend-ments to the labour relations bill. If enacted it would outlaw political strikes, and employers would be able to claim damages from unions for the cost of illegal

strikes.
Union officials say they have already submitted 27 objections

# Texaco pays out on asset sales

makes a large payout to share-

The oil company, America's third largest, also revealed that it was considering selling its valuable 78 per cent stake in Texaco Canada, which could raise \$2bn

Wall Street analysts said, however, that the payout may not be enough to persuade Mr Icahn to

The company, which suffered a damages to the Pennzoil oil com-pany, had intended to keep the neries. proceeds of the restructuring for

As Mr Icahn's campaign has drop his proxy fight for seats on stockholders, however, Texaco isation of operations could save Texaco's board at next week's has been forced to countenance a more than \$50m a year in overannual meeting. Mr icahn, who payout if only to keep Mr Icahn head costs.

"gives us an early opportunity to share benefits with our stock-holders on a direct basis."

TEXACO, the embattled US oil says Texaco's management off its board, analysts say. Mr company, yesterday bent before merely squanders sharsholders' James Kinnear, chief executive of intense pressure from its largest money and should pay it back. Texaco, said yesterday that the and most aggressive stockholder, says he will use his board seats company had made rapid progMr Carl kahn, and announced to push through an offer of ress in its restructuring which

that Texaco will pay at least \$1.65bn in cash or securities to its stockholders goes some way to meet Mr Icahn's demand that it

NIPPON LIFE. Japanese group

return to their jobs today or FRED HARTLEY, pugnacious leave the country.

bead of Unocal, West Coast oil group, is resigning. Page 23

how to handle the proceeds of its current programme of \$5bn in

Texaco, which in April restarted dividend payments follows several weeks of intense stopped by the bankruptcy court, debate at the company's subursaid yesterday it hoped to raise ban New York headquarters over more than \$3bn from the \$1.22bn sale of Deutsche Texaco to RWE, which was announced on Mon-day, an auction of 60m barrels of US reserves now in its final negodisastrous bankruptcy last year tiations and talks with Saudi in the face of a \$10.53bn award of Arabia on the sale of shares in three Atlantic and Gulf coast refi

Texaco also announced yestercapital expenditure and debt day that it is considering selling refining and marketing proper-ties in Europe and West Africa. gained adherents among other Mr Kinnear said that the reorgan-stockholders, however, Texaco isation of operations could save

# Takeshita warns EC over 1992

THE EUROPE of 1992 should da – yesterday pronounced keep "its doors open to the out-themselves in broad agreement side world," Mr Noboru Takesh- on such multilateral issues as the side world," Mr Noboru Takeshita yesterday warned the EC
Commission on his first visit to
Brussels as Japanese premier.

But during three hours of
talks, with each side exchanging
cautionary words about the
other's protectionism, the Commission replied that Japan would
have to "re-balance" its trade
with the EC if it wanted continued access to the 320m consumers in Europe's newly integrated

on such multilateral issues as the
importance of the Uruguay round
of the General Agreement on Tariffs and Trade (Gatt) talks and
improved macro-economic co-ortalks, with each side exchanging
dination by major industrialised
countries, as well as Third World
debt.

The Japanese leader sought EC
advice on how to spend the
with the EC if it wanted continued access to the 320m consumers in Europe's newly integrated
Africa during the next three

ques Delors, the EC Commission
President, stressed that the weakdominated yesterday's talks. Mr
est side of the WashingtonTokyo-Brussels "triangle" lay missioner, said the rate of
between the latter two, and that increase in Europe's sales to
EC-Japan relations needed to be Japan would have to be two and
given more than a rupply coma half times as fast as its rup-

ers in Europe's newly integrated Africa during the next three market in the 1990s. years, in view of Europe's greater Both Mr Takeshita and Mr Jac-experience in that region.

EC-Japan relations needed to be Japan would have to be two and given more than a purely commercial dimension.

The case in Lurope's sales to Japan would have to be two and a half times as fast as its purchases from Japan would have to be two and chases from Japan would have to be two and a half times as fast as its purchases from Japan would have to be two and the case of the The two men - who will meet deficit of Ecu20.9bn (\$25hn) with shortly at the Western economic Tokyo last year is to be substan-summit in Toronto, Cana-tially reduced.

In Ecu terms, for the first time in many years, the deficit fell slightly last year from Ecu21.8bn. In response to reiterated EC complaints about discriminatory Japanese taxes on car and alco-hol imports, Mr Takeshita explained that the levy bearing more heavily on larger cars (which constitute most European sales) was a local tax.

ment to change this. He promised, however, that the alcohol tax would be changed in the context of overall tax reforms.

Asked about the failure of two previous Japanese prime minis-ters to reform this tax, a Japanese Foreign Ministry official

It was thus hard for his govern-

said Mr Takeshita was "well skilled in domestic politics." Concerning the recent Gatt roling against the US-Japanese price pact on semiconductors, Mr Tak-eshita suggested this sector be discussed "trilaterally" between the US, Japan and Europe.

# Sweden's justice minister resigns over Palme crisis

BY ROBERT TAYLOR AND SARA WEBB IN STOCKHOLM

SWEDEN'S Minister of Justice, thwarted the action. Mrs Anna-Greta Leijon, was forced to resign yesterday as the free, open country where we can Government sought to defuse a feel secure on the streets and crisis over its handling of the Olof Palme murder inquiry.

an astily organised early ion said at yesterday's press conference, Mr Ingvar Carlsson, the Prime Minister, said the opposition leads to the Moderate and Studinary ion said at yesterday's press conference.

The Moderate Ingvar Carlsson, the Prime Minister, said the opposition leaders had compelled him to accept that Mrs Leijon "must leave the Government." They had threatened a edy for Swedish justice."

The Moderate party leader, Mr Carl Bildt, said her resignation was "the only sensible decision." What had happened was "a tragedy for Swedish justice." vote of no confidence in her in parliament, an issue on which they had organised a clear major-

ity.

Mr Thage G. Peterson, the Industry Minister, will take on the Justice portfolio until Sweden's general election in Septem-

The Prime Minister said that if the Social Democrats were returned to power, Mrs Leijon returned to power, Mrs Leijon would be given one of the top ministries but not Justice. This shows just how highly the party regards Mrs Leijon, a political heavyweight and widely popular with the membership. She will play an active part in the election campaign

1970s the ruling Social Democrats were involved in a similar scan-dal when it was revealed that . "She took a risk and made a mistake," said Mr Carlsson, referring to her letter addressed to the they used a private intelligence British intelligence services, network staffed by military perwhich effectively authorised a somel to spy on suspected com-private investigation into who munist infiltrators, bypassing the ister.

ministers she had the most in dent-prone department in the common with the Palme family, Government over the past few having herself been the victim of terrorist threats.
When Mrs Leijon was responsible for immigration in the mid-1970s, she expelled West German terrorists from Sweden. They

years. Mr Ove Rainer had to resign as Justice Minister in 1983 because of his tax planning which, though legal, was considered immoral. He was followed by Mr Sten Wickbom, who was then plotted to kidnap her. Police forced to go last October when an found a container in which she imprisoned Soviet agent escaped was going to be abducted and during a conjugal visit.

He said that of all government proved to be the most acci-

The Ministry of Justice has

# The scandal that rocked Stockholm's shaky

confidence By Robert Taylor in Stockholm

THE RESIGNATION of Mrs Anna-Greta Leijon as Sweden's Minister of Justice has exposed the murky and often farcical antics which continue to sur-round the Government's desperate attempt to find the killer of former Prime Minister Olof

Sweden is being convulsed by a scandal of Irangate proportions which has brought the Government's respect for the rule of law

into serious question.

The latest revelations about a While most political observers seem to think the Social Demo-crats can still win September's vernment - approved freelance inquiry into Palme's murder headed by Mr Ebbe Carlsson, a book publisher and a former Min-istry of Justice official, suggest that senior members of the Govgeneral election, they believe it represents a serious setback for the Prime Minister who has had to accept the resignation of two consecutive justice ministers in the space of nine months. It has ernment have no confidence that the police and Sweden's secret service (Sapo) will ever discover. also cast some doubt over whether Mr Carlsson is fully in control of his own government. the truth about Palme's assassi-The three main opposition par-

nation.
Indeed, there is one rumour in ties are expected to exploit the obvious government embarrasscirculation that elements of the police were involved in the mur-der, or at least helped in a covelection campaign, which they believe provides yet other exam-ple of its abuse of the law. In the

This may explain why Mrs Lei-jon took the extraordinary step of giving the go-ahead to the Carls-son investigation in March without telling the official Palme murder inquiry team what was going on. Relations between the ruling

ish intelligence services have often been tense over recent years and this latest scandal suggests that the old mutual antagonisms are still very strong.

A forthcoming official report on the activities of Sapo is expected to recommend the purging of right-wing elements inside the intelligence service who are involved in an internal power

struggle. Continued on Page 22

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SOVIET UNION FACES HURDLES

AMBITIONS TO JOIN GATT

as a normal trading partner by the West Texas Air. Chairman wins battle with the seems certain to take years, Page 4

Takeovers and mergers: A study of post-ac-Technology: Swapping ideas can make a little money go a long way ... Editorial comment: An uneasy compromise; Broader courses for sixth forms ....

Man-made fibres: A long, hard road ahead in Lex: Girobank; Metal Box; Oxford Instru-

privatisation .

British Rail: A proposed unified route to

# Right-wing poll pact with Le Pen in Marseilles

BY PAUL BETTS IN PARIS

FRANCE'S traditional right-wing parties, the Ganllist RPR and the centre-right UDF coalition, yes-terday made a controversial electoral pact with the National Front in the Marseilles region. The aim is to deny the Socialists an absolute parliamentary majority after next Sunday's secondround voting in the general elec-

Mr Jean Marie Le Pen, the National Front leader, confirmed that candidates of the extreme right would step down in six con-stituencies of the Marsellles-Bouche du Rhone region in favour of RPR-UDF candidates who had scored more votes than Front candidates in the first round last Sunday.

In turn, candidates of the traditional right-wing parties have agreed to withdraw from the race in Marseilles constituencies where National Front candidates fared better.

The Marseilles pact was fiercely criticised by the Socialist party which has negotiated similar voting agreements with the Communists to boost its overall changes next Sunday. chances next Sunday.

The RPR and UDF leaderships in Paris yesterday sought to play down the Marseilles pact, claim-ing that it was only a "local issue". There was no question, negotiating a national agreement

decided to fight the general elec-tion in Marseilles where they felt they had the best chances of re-

election.

Mr Le Pen led all the rightwing candidates in the first
round of the recent presidential
election in Marseilles, whose
North African immigration problems have proved a fertile ground
for the National Front. But even after yesterday's pact with the RPR-UDF, Mr Le Pen is still expected to have great difficulties winning a parliamentary seat next Sunday.

while he has been bargaining furiously to try to limit the damage for his party next Sunday, spirits have been rising in the camp of the traditional parties of the right following the Socialist's smaller than expected lead in the

first round. However, the Socialists are still hoping to win an absolute majority with 300-310 of the 577 seats in the Assembly, although the out-come is no longer seen as a fore-

gone conclusion. Socialist leaders have sought during the past 48 hours to mobilise the party's supporters for the final round. The Socialists believe they were hit particularly by the record abstention rate of more than 34 per cent in the first

They were also incensed yesthey insisted of the two parties terday by the decision of the negotiating a national agreement president of the Beauvais tribual to scrap all the Socialist bal-However, the deal could help lots in two constituencies in the the Front salvage one or two north because of a printing error on the ballot papers. This me Handicapped by the French that the two right-wing RPR-UDF majority voting system, Mr Le Pen and his principal lieutenants cally elected after the first round.

### Schlüter clears way for visits by Nato warships

ships will be able resume routine of the allies and with Denmark's calls at Danish ports following a longstanding policy against policy declaration to Parliament nuclear weapons on its territories yesterday by Mr Poul Schlüter, in time of peace. the Prime Minister, on behalf of In a note to hea his new coalition Government.

ships abide by it.

"Visits by allied ships to Denmark were suspended in April the Danish Government." after centre-left parties in the Folketing passed a resolution requiring the Government to inform visiting warships that Denmark does not allow nuclear weapons on its territory. The res-

Mr Schlüter resolved the issue position in negotiations after the

The Prime Minister said the per cent next. It will apply simisolution to the issue was both lar curbs to local government.

BRITISH AND American war- consistent with the requirements

In a note to heads of diplomatic is new coalition Government. missions in Copenhagen, he said Mr Schlüter made it clear that the Government had reminded Denmark, after a crisis in its rela- other governments of this policy. tions with Nato, was effectively In addition, a sentence would be reverting to its long-standing policy of adhering verbally to a non-ernments giving clearance for nuclear policy while stopping visits by naval vessels stating. It short of insisting that visiting is assumed that the visit by the

This, in effect, leaves Danish policy unchanged. It declared in 1963 that ports and territorial waters were included in the government's general ban on nuclea olution, which conflicted with US and UK policy of refusing to say which ships carry nuclear arms, prompted the pro-Nato Mr Schlüster to call an election.

We wap on a its territory in peacetime, but avoided a collision with the allies by not asking for specific assurrances that visiting ships did not carry nuclear weapons. weapons on its territory in peace

of ship visits when he brought the Radical Liberals into a coali-ter committed the Government to tion with his own Conservative eliminating the current account party and the Liberal party. The deficit, maintaining an Radicals voted for the original unchanged exchange rate, and resolution but modified their reducing government employment by cutting the wage budge by 2 per cent this year and by 1

### Health row puts Dutch government in jeopardy

THE DUTCH Government last night was on the verge of a crisis over health care reform. It was sparked by the precipitate demand by Mr Ruud Lubbers, the Christian Democrat Prime Minister, that his Liberal coalition partners must eral coalition partners must accept a new, limited form of national health insurance. The Christian Democrats

want a lower insurance pre-mium, the Liberals a higher Leaders of both parties continued to spar in Parliament yesterday, further raising tensions. The opposition Labour party urged the coalition to step down and offered itself as a governing partner for the

Christian Democrats. The decisive moment could come today when Parilament will again debate sweeping



Lubbers: showdown

changes proposed for the health care system. If the publk feuding continues then it could signal an imminent col-lapse of the Government half way through its second term. Going much deeper than the quabble over insurance pre-

miums is Mr Lubbers' apparent desire to provoke a show-down with the Liberals, junior partners in the coalition. Much of the Hague is puzzling over the Prime Minister's uncharacteristically sudden anger but some observers say he is irked by a series of minor disputes

in recent months.

They include cabinet tussles over education, police and European Community pass-ports. Last week the Liberals suggested that Mr Lubbers himself had been the source of government investment-subsidy scheme which was scrapped. The leak had cost as much as Fl 100m (£28m) in

Lubbers expects to achieve by the confrontation. Veteran observers say the generally resilient Prime Minister feels he must take a firm stand to prove that he remains indisputably in control of policy.

Mr Lubbers also said last end that he was willing to lead his party into the next general election due in 1990, laying to rest rumours that he would rather move into European politics as president of the European Commission.

Most baffling is what Mr

# Clamour grows for changes in Soviet party

THE SOVIET UNION is witnessing an increasingly radical public comes at a time when the nomidebate demanding reforms in the nation of delegates to this ruling Communist party which month's extraordinary party con-

of the party, with the apparent to be elected. blessing of at least some of the However, the newspaper

cial party leaders — as it expects approving reforms in the party the rest of the nation to be rules and structure.

The latest batch of letters nost.

The latest batch of letters include calls for an age-limit on with calls from readers who include calls from readers who includ

go weil beyond those being progosed by Mr Mikhail Gorbachev turn the reform process on the and the party leadership.

The debate is being openly conducted in the letters columns of servative slate of long-serving many of the leading newspapers, including Pravila, the mouthpiece of the narty with the appears to be elected.

The party itself has suddenly become the target for growing criticism, for its failure to be as including the sacking of provincial party leaders - as it expects the rest of the nation to th

party members, for open debates of differences between members is the same old song, as if the of the politburo, for an end to Communist party control over the press, and for televising the same old song, as if the people are really so stupid and cleaned once and for all of naive that they did not understand the real reasons for the debates at the party conference.

Moreover, in a commentary on the debate published in Pravda itself, there is sympathy for all the public criticism, and a sharp attack on the party's failure to be honest about its own affairs.

"our readers fight for a situation whereby the party would be cleaned once and for all of authorities beyond the bounds of criticism, of recidivist, autocratic leaders with limities power."

The debate produced a reaction yesterday from Mr Gennady Germany that "any silencing or any half truths are a political and a same honest about its own affairs.

s attack on the party's failure to be honest about its own affairs.

It attacks the practice of faith even in the most well-infair, announcing the retirement of party leaders for ill health — as the first secretaries in Armenia and Azerbaijan, the scene of ethnic riots, were simultaneously sacked.

"If only one opinion is known, and breed sceptions and the rest are kept silent, then and the rest are kept silent, then and the scene of ethnic riots, were simultaneously sacked.

"If only one opinion is known, the first secretaries in Armenia and Azerbaijan, the scene of ethnic riots, were simultaneously sacked.

"If only one opinion is known, the following day."

As for the televising of the party conference, that subject is still under discussion in the central contract.

The debate produced a reaction yesterday from Mr Gennady Gerasimov, the government spokesman, who admitted that unfortunately some things remain unsaid, and some may be untrue. Glasnosi is a process. We cannot

# Soviet law reform outlined at East-West conference

BY A H HERMANN, LEGAL CORRESPONDENT, IN MOSCOW

Association (IBA) and 300 Soviet mance does not always match the lawyers ended in Moscow yester-good intentions". day in a spirit of mutual congrat-

bers of the International Bar means well even if his perfor-

The successful opening of a dialogue on human rights and Professor Yoram Dinstein of East-West economic co-operation Tel Aviv described it as an "his-torical occasion" which had made tiative and perseverance of the it possible to discuss human IBA, a heatwave which kept delerights with the Soviet side "in a gates inside the air conditioned businesslike fashion without pro-conference hall and, most of all, to Mr Alexander Sukharev, the

omy" and to give citizens judicial protection against administrative

AN EAST-WEST conference of the Soviet Ministry of Interior, terday. Mr Sukharev made it experts would lead to the establishment of corporation law, vent under the new system. new leadership feels secure reform of patent law, measures enough to embark on a radical against unfair competition, and reform of the legal system, in even anti-trust law directed order to move from a command against abuses of market power economy to a "management econ-by multinational corporations.

Mr Sukharev also said the Gov-ernment was considering the abolition of capital punishment or at He said the Soviet Union had least a reduction in the number every intention of creating the of crimes punishable by death.

conditions for replacement of the However, the discussion

acknowledged an improvement in Soviet emigration policy though its extent was hotly contested. In an impassioned speech, Mr.

Sukharev made no serret of such obstacles as "the survival of Stalin's era within us". To fight this mentality, he invoked conditions for replacement of the However, the discussion "Lenin's humanism and friendly current export-import orientated showed up some problems that system by more advanced forms are nowhere near solution; these the patriotism which believers. The professor, who only new Soviet Attorney General system by more advanced forms are nowhere near solution: these the patriotism which believers received a visa by the skin of his (chief prosecutor), and Mr Mikteeth, was good enough to describe Mr Rudolf Kuznetzov, ble shooter.

The legislative programme outlined by Mr Sukharev and Soviet co-operatives and other enter-front of perestroiks.

Big growth

for telecoms

WESTERN EUROPE'S telecom-

munications market will grow

to more than Ecu 200ba

(£134m) by 1995, up from Ecu 105bm in 1967, according to a report published yesterday by CIT Research, the communica-

Most of the growth will be in

the provision of telecommunications services, which already

account for 76 per cent of the total market, rather than

CIT predicts that services

will account for 85 per cent of the market. Within the ser-vices market, batic voice traf-fic – which in most guropean

monopoly - will still account for almost 90 per cent of reve-

More specifically, CIT con-cludes that:

Alternative network services, such as mobile, cable and satellite communications, and value added services, such

as information and electronic mail — all markets in which

the public monopolies face

increasing competition — will grow from Eca 2.1bn in 1987 to Ecu 12bn in 1995. The UK,

forecast

By Hago Dixon

tions specialists.

US and Israeli speakers

### W German economic outlook lifts

By David Goodhart in Bonn

ECONOMISTS are expressing further cautious optimism about the West German economy in the light of the latest industrial production and order figures.

These figures suggest that while the exceptional 42 per cent

gross national product growth of the first quarter will not be maintained - the figure was distorted by the mild winter - the second quarter slippege will not be as sharp as had been expected. Industrial orders for March and April were up 6.9 per cent on last year (foreign orders up 10.5 per cent, and domestic 4.9 per cent) which maintains the momentum

year and surpasses last August's The orders were up 1.5 per cent on January and February, with foreign orders showing a 2.5 per cent increase and domestic 0.5

of the first two months of the

Production figures have also continued the relatively strong start to the year with the April figure showing a 0.7 per cent rise over March (after the March figure had been revised upwards) The April figure is close to the February peak and even if, as expected, it is revised downwards somewhat it is still likely to West German Central Council of remain above the first quarter

 Mr Gerhard Stoltenberg, the West German Finance Minister, confirmed yesterday that the Bonn Government's 1990 tax reform would result in an effective full in the confirmed such parts of the currency problem, whose solution was probably increased trade with the USE. tive fall in tax receipts of trade with the US".

# Reform uncertainty in Bulgaria

A LONG-AWAITED central committee plenum of the Bulgarian Communist Party has been postponed until after the Soviet party conference, giving rise to specu-lation and uncertainty about the pace and future of social and political reform.

The plenum, which would

finally spell out party policy on culture, the press and all aspects of intellectual life, was first scheduled for May and then for June.

But no firm date has been fixed by the authorities, and an article on culture yesterday in Rabotnischesko Delo, the party daily, indi-cated clearly that the plenum

tions in the various artistic Mr Todor Zhivkov, the pres unions will be limited to two con-dent and party leader, indicate

been strictly disciplined in recent

The long article, which forms weekly. Mr Stefan Prodev. part of a draft document to be senior journalist, said that sec-presented to the plenum, broadly tions of the journalists' profes-outlines the role of culture in Bulgarian society. Bulgarian society.

But instead of giving any clear indication about the scope or limits of cultural freedom, it merely writing on subjects which states that in future, senior positions in the various artistic.

in a major policy speech last The article will do little to April that the media was present allay fears among liberal intellecting what he termed "lopsided trials and journalists, who have presentations of facts

He also binted that the Bulgar months, in an increasing clamp-down on openness in the media. In last Friday's edition of Narodna Kultura, a cultural on this policy.

# E Germany offers Jews \$100m

BY LESLIE COLITT IN EAST BERLIN

WESTERN diplomats are react- had refused payment of even under the Nazis and US trade German offer to pay \$100m to the tims of Nazism on grounds that it American Jewish victims of bore no moral responsibility. favoured nation" or privileged

trading partner.
Mr Erich Honecker, the East German leader, is reported to have made the \$100m offer in a meeting with the head of the Jews, Mr Heinz Galinski. In an interview yesterday. Mr

Galinski quoted Mr Honecker as Until last year, East Germany

Nazism. They view the move as a thinly veiled bid to secure from with US officials in order to Washington the status of "most obtain MFN trade benefits, as East German exports are subject to the highest US tariffs. Western diplomats in East Berlin said Mr Honecker's payment offer might have been designed to impress Mr John Whitehead, US deputy Secretary of State, and Mr William Verity, Commerce Secre-tary, who will attend a conference in Potsdam, East Germany,

A spokesman for the US Embassy in East Berlin yesterday rejected any connection between prospective East German payments to US Jews who suffered

East Germany has negotiated since 1982 with the Conference on Jewish Material Claims Against Germany on payments to Jewish victims of Nazism who became American citizens. Mr Galinski said the two sides were not negotiating restitution for Jews

- West Germany had already
paid DM80bn (£26bn) - but
instead aid for American Jewish
victims of the Nazis who were now in need.

Mr Galinski accepted Mr Honecker's offer to join an international board of trustees to raise funds for the reconstruction of pre-war Berlin's largest syna-gogue in East Berlin's Oranien-burger Strasse.

however, will still account for over one-third of this sector of the market • The much-vaunted market in value-added services generated revenue of only Ecu

700m in 1987 - 71 per cent of this in the UK. However, this is expected to grow to Ecu 5bn in 1995 - with

37 per cent in the UK:

 The financial services sector uses more telecommunica tions services than any other

It accounts for 25 per cent of communications spending but only 14 per cent of Western Europe's GDP;

• Compared with other

European countries. West Germany spends little on data communications, mobile telephones and private circuits, though it is a substantial user of telex, teletex and cable; • The UK is ahead in pri-

vate circuits, mobile tele-Phones and fax:
France is the most

advanced European country in videotex — a result of its Hinitel programme - and packet switching;

• Italy and Spain are underdeveloped in most specialised telecommunications

Of Europe's telecommunications equipment manufacturers, only Alcatel will make the world league, with Ericsson and Siemens maintaining

strong European presences.

# Shultz in Spain to speed defence pact negotiations

MR GEORGE SHULTZ, the US

Secretary of State, arrived in Madrid yesterday ahead of tomorrow's meeting of the Atlantic up negotiations to renew a bilateral defence pact with Spain. Agreement in principle on a new pact was reached in January when Washington, after much

stonewalling, eventually bowed to a Spanish demand that it with-

Torrejon, near Madrid. The air-

craft are now likely to be resta-

The final accord, however, has been held up by a series of issues relating mainly to the status of the 5,000 US servicemen who will remain in Spain at three other bases, including the important

naval depot of Rota. Soviet leader's efforts to restruc-Officials from both sides say ture society and to introduce the outstanding issues are of minor importance and that the agreement could be completed by the end of this month. It is to run for eight years and all direct US military aid to Spain will cease in recognition of the country's new draw 72 F-16 aircraft stationed at role as a member of Nato.

### UK warns Nato to keep up its guard against Moscow

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT

Britain's Defence Secretary, said ated from a position of reasonyesterday.
Though fully supporting the

defences is in no sense inconsis-tent with our search for a con-

more democratic practices, Mr Younger said at a diplomatic cor-respondents' lunch in London

THE WEST must not be fulled structive dialogue with the East. that Mr Gorbachev wanted prog-THE WEST must not be fulled structive dialogue with the East. that Mr Gorbachev wanted proginto a sense of complacency just Indeed, the INF (Intermediate because Mr Mikhail Gorbachev Nuclear Forces) Treaty clearly says what everyone wants to hear. Mr George Younger, arms control can only be negoti-

able strength.

Mr Younger, who was speaking two days before a Nato foreign ministers' meeting in Madrid, conceded that all the signs after last week's US-Soviet summit in Moscow were that Mr Gorbachev that the Western alliance must keep up its guard.

"A clear commitment to strong tegle arms reduction treaty (Start) before next January. However, it should be realised

Union still enjoyed a massive superiority in nuclear, chemical and conventional forces.

The Defence Secretary warned

that US pressure on its Nato allies to assume a greater burden of the cost of defending Europe would not simply disappear with the advent of a new US Administration. It was therefore essential that the full extent of the European contribution should be

Call for decision on office site

AND THE RESERVE OF THE PARTY OF

with an increase in US defence spending over the same period of only 15 per cent.

Of the allied forces in place in Europe, the Europeans currently provide 90 per cent of the manpower and artillery, 30 per cent of the tanks and combat aircraft European defence effort, the and two-thirds of the fighting ships in the eastern Atlantic and Channel Until US reinforcements

In Paris, where he was addressing the Western European Union's parliamentary assembly. Union's parliamentary assembly, in the Heropean currently state at the Foreign Office, said that while the Americans did not always see the reality of the Europeans, too, had to be self-critical. He called particularly on Italy Belgium, Denmark Channel. Until US reinforcements arrived, it would be for the divisions permanently based in Europe to meet the initial impact

# EC agrees wider work mobility

grant holders of professional qualifications the right to work anywhere in the European Community yesterday won member states' informal majority support. A meeting of the EC's 12 trade and industry ministers asked national ambassadors to clear up points of detail in time for them

WIDE RANGING proposals to

to give the formal green light at the end of the month.

The scheme would allow all officially regulated professionals. including lawyers, accountants and doctors to work in any member state subject only to basic training periods or tests.

The measure, an important part of the EC's single market plan, looks set for adoption by the end of the year, opening the way for it to take effect in national laws by the end of 1989. dinlomats said.

the right to live in other member

The Commission's plan is that most professionals would only need a period of adaptation under the wing of a locally registered colleague to practice in another EC country.

However, Mr Francis Maude, junior trade and industry minister for the UK and Mr Seamus Brennan, his Irish counterpart,

were yesterday reiterating demands for extra adaptation tests for lawyers, accountants and other professions where legal knowledge is important.

Lord Cockfield, the European Commissioner for the internal market, wants to keep such tests to a minimum, a position sup-

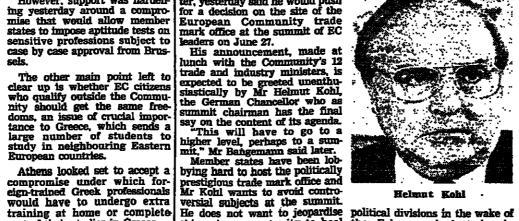
Ministers were, however, dead- Der Linden, the Dutch European locked on separate proposals to Affairs Secretary. grant students and retired people However, support was harden ing yesterday around a compro-mise that would allow member states to impose aptitude tests on sensitive professions subject to case by case approval from Brus-

> The other main point left to clear up is whether EC citizens who qualify outside the Commu-nity should get the same free-doms, an issue of crucial importance to Greece, which sends a large number of students to study in neighbouring Eastern European countries. Athens looked set to accept a

### MR MARTIN BANGEMANN, the West German Economics Minis-ter, yesterday said he would push for a decision on the site of the European Community trade mark office at the summit of EC

His announcement, made at lunch with the Community's 12 trade and industry ministers, is expected to be greeted unenthu-siastically by Mr Helmut Kohl, the German Chancellor who as summit chairman has the final say on the content of its agenda. "This will have to go to a "This will have to go to a higher level, perhaps to a sum-mit," Mr Bangemann said later. Member states have been lobbying hard to host the politically prestigious trade mark office and Mr Kohl wants to avoid contro-

leaders on June 27.



ported yesterday by Mr Rene Van part of their studies in Greece. | this prime opportunity to heal the February budget break-

# through and get deeper support for the EC's campaign to create a single market by 1992. The wrangle over where the office should be sited has been going on for three years. Munich, already host to the Council of Europe patent convention, London, The Hague and Madrid wereshort listed by the Commission in January last year. But I means the Council of the first tranche of an IMF standby credit, writes Aleksandar Lebl in Split.

and strasbourg feel they have equally strong claims because they already have a number of EC institutions.

No great economic rewards are in store for the winner, since only 200 or so jobs come with the office. But it carries considerable prestign and fathurs to agree her prestige and failure to agree has held up progress on proposals for an EC-wide trade mark law. Mr Bangemann won ministers' agreement yesterday to separate

### trigger IMF standby credit YUGOSLAVIA'S commercial

Yugoslavia may

the "critical mass" or threshold at which the IMF has agreed to release the first tranche, amounting to 105m SDRs, of a standby credit to ease Yugoslavia's balance of payments problems.

# FINANCIAL TIMES

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# Sikhs protest against plans for Golden Temple

INDIAN GOVERNMENT plans to start clearing an area up to 300 metres wide around the Golden Temple in Amritsar, which has been used as an armed fortress twice in the last four years by extremist Sikhs, ran into problems yesterday when local bazaar stall holders staged protests including Sikh prayer meetings to block demolition work.

Last month army commandos cleared the temple complex of extremists in a 10 day siege. This led to an increase in violence elsewhere in the Punjab, where

over 1.300 people have already been killed this year.

The temple action has also led to a political impasse among Sikh leaders which has blocked amy fresh government peace moves on the overall Punjab crists.

bazzar shops and stalls, located prepared to give up demands for in a network of narrow lanes an independent Sikh country twisting round the temple perim-eter, which sell food, religious mementoes and clothes and other

These lanes and buildings were used by extremists before a big army attack in 1984 and again in the past year to turn the temple into a heavily armed and barri-

clear a 30 metre cortidor around the temple, and later to widen this in three stages by next June to a 300 metre wide landscaped ing the extremists' barricades after last month's battle. But the

Yesterday's demonstrations Government is refusing to hand appeared mainly to involve argu-the temple complex back to ments about compensation and SGPC control because the Sikh Yesterday's demonstrations alternative accommodation, but leaders have refused to accept a they could turn into points of 10 point Government charter to principle about the buildings keep extremists out of the area.

BY ROBERT THOMSON

Chinese students plan

pro-democracy sit-in

zainst "bourgeois

INDIA began a limited with-drawal of its peace-keeping forces from Sri Lanka yesterday loading armour, artillery and 400 troops on to ships at this Indian Ocean port, Reuter reports from Trincomalee.

Indian officials said troops no longer required to fight Tamil separatists would be withdrawn in phases but declined to say when the last of an officially acknowledged 52,000 Indian soldlers would leave the island.

being touched if the Government does not handle the delicate situ-

ation carefully.

The political impasse has stemmed from the Sikhs' main lay organisation, the Shiromani Gurdwara Parbandhak Commit-The Government is euphemistically calling the proposed clearing of the area round the temple a "beautification" programme. It involves demolishing hundreds of the government with militants tea, dismissing the religion's five head priests. The five include Mr Jashir Singh Rode, who was trycalled Khalistan.

But there is considerable confusion about the dismissals. partly because all the former head priests and Mr Rode's suc-cessor are in jail. Some SGPC leaders and local government officials even deny the dismissal ever took place.

If the dismissals are genuine, it The Government wants initially to move 10,000 people and ised by extremists and other clear a 30 metre corridor around rivals of the Rode initiative.

single command". Mr Rafsanjani, 53, a middle ranking cleric, who is also Ayatollah Khomeini's representative on the Supreme War Council bas consolidated his position as the most powerful Iranian politician and one who looks likely to be the leading power-broker when the 87year-old spiritual guide of the

Iranian revolution dies. Included among the briefs given to Mr Rafsanjani is cut-ting back the military bureaucracy and bringing about greater barmony among the three armed services, the Revolutionary Guards, the Basij volunteer forces, and the Gen-darmerie. He is particularly CHINESE students have promised to stage a pro-democracy sit in today at Tianammen Square following a series of late-night close to the Revolutionary

Guarda Corps.

In an interview on Tehran campus meetings at which hundreds of students condemned corruption in the Communist Party and called for greater individual to those which promoted the Radio on June 4 Mr Rafsanjani said that the differences between the two branches of the Iranian armed forces - the "old established and classic army" and the "revolutionary and self-motivated" forces
- had created some difficul-

the communist Party, which Reflecting a level of organisa-erupted into faction-fighting after tion unseen in the last round of a series of student protests in late demonstrations, students yester-1986, and subsequently launched day distributed leaflets produced In his new capacity as acting preside over the creation of a General Command HQ to help avoid duplication of tasks and attain "complete economy of

Mayor in West

as 'collaborator'

THE ISRAELI-appointed mayor of the West Bank town

of El Birch was stabbed and seriously wounded yesterday, marking an escalation in the underground Palestinian lead-ership's largely unreported

war against those accused of collaborating with Israel.

Security officials said the attack on Mr Hassan al-Tawil, '73, appeared designed to coincide with the opening of the Arab summit conference in

Algiers. Last month, a clandestine

leaflet named Mr Tawil, a pro-Jordanian businessman, and three other recently appointed mayors – those of Ramallah, Hebron and Jericho – as tar-

gets for attack, because of their refusal to resign in accor-

Over the past six months there have been at least 60

serious incidents: involving

senior officials yesterday

described the attack on Mr

Tawil as a very serious matter.

dance with earlier calls.

Bank stabbed

By Andrew Whitley in Jerusalem

a campaign against "bourgeois" by an action committee, which liberalism" and dumped Hu Yaobang, the party general-secretary.

Students have gathered each evening at Peking University to ties". The difficulties of student life have also provoked the unrest. He also hinted at the Students complain that the value of their monthly subsidy of 50 restructuring of the Revolu-tionary Guards which, he said, should acquire ranks and fixed salaries but said that he did not foresee a merger of the two services "for a long time yet". yuan (£7.40) has been eroded by inflation and say that they cannot support themselves.

### Key ministers retain posts in new Afghan Cabinet

by an Tact

(PDPA) retained key posts after a long internal power struggle.

discuss the protest movement,

and dozens of protest posters have been plastered around the

campus, with a few criticising individual leaders by name, but

most embracing more general

Kabul Radio reported that Mr Mohammad Hassan Sharq, a non-PDPA man appointed Prime

AFGHANISTAN'S new Prime allowed a broader based government and included some opposition and resistance leaders.

Mr Abdul Wakil, for example, has successfully fought to stay Foreign Minister against plans to demote him. Other survivors include Mr Sayed Mohammad

Manul Radio reported that Mr Mohammad Hassan Sharq, a non-PDPA man appointed Prime Minister 13 days ago by President Najibullah, introduced the 29-member Cabinet to parliament and outlined its policies.

The new Cabinet includes several key ministers who have retained their portfolios despite plans by President Najibullah to make changes which would have include Mr Sayed Mohammad Sequipment of Mulational Security), Mr Sulaiman Laeq (Tribes and Nationalities).

A new Defence Minister will be named later. The previous Ceneral Mohammad Rafie, was named by President Najibullah on Saturday as one of his four vice-presidents.

# measure to bar N-ships

BY RICHARD GOURLAY IN MANILA

nuclear weapons and nuclear deny the presence of nuclear powered ships from the country weapons or nuclear-powered in a move designed by its authors ships, a policy which led to to basten the closure of two stra- Washington withdrawing its

nuclear-free Philippines provision which already exists in the constitution but is not being applied. Last month US State Depart-ment officials said the draft bill left no flexibility on nuclear form by the House of Representatives, the bill would sharply reduce the value of Clark Air

ares (12 acres) of land and an additional three hectares for each direct heir over 15 years of age
But it also gives landowners
the option of sharing profits or
distributing shares of stock to matters". If approved in a similar their tenants instead of physically dividing their property.

The bill also provides for the transfer of public lands above

# Hawke compromises over divisive issues

AUSTRALIA'S ruling Labor tee will be set up to evaluate all party yesterday papered over a options to provide for the airdamaging public split by forging lines' capital needs. But any two awkward compromises over change will require a decision by the highly sensitive issues of privatisation and uranium.

As a result, no sell-off, even of ration, mining, expect of the airdines seems.

Both questions had threatened to disrupt the party's biennial conference, taking place this week in Hobart, but the nature of the deals between its factions ensure that the controversies will

The party reaffirmed its common longer on the privatisation mitment to full ownership and agenda.

Control of public enterprises, but The outcome is a setback for

Rafsanjani

keeps role

of Speaker

Mr Alî Akbar Hashemi Rafsan-

jani, recently appointed by Ayatollah Khomeini as acting Commander-in-Chief of the armed forces, has been re-elected as Speaker of the Maj-

lis (parliament). He obtained the vote of 187

of 202 members of the legisla-ture despite the plea made on

the previous day by Ayatollah Hussein Ali Montazeri, Ayatollah Khomeini's chosen succes-

sor, that he should devote him-self solely to the war. Ayatollah Montazeri said

that the war with Iraq had

lasted nearly eight years because the country had "no

planning, co-ordination and

By Richard Johns

49 per cent of the airlines, seems likely for another two years, and probably longer if a general elec-tion is called on schedule in 1990. In addition, enterprises such as the Commonwealth Bank, which also want capital injections from the Government, are technically

Bank and Gaza Strip, the revolt's

Arab governments to allow Pales-

clandestine leadership called on country on a tight leash.

On the even more vexed issue contracts.

erament extending existing uracontrol of public enterprises, but The outcome is a sciouck for erainemt extending existing that the two states owned airlines, Qantas and Auster, who first raised the idea of tralian Airlines, needed substanprivatisation shortly after leading training Labor to a historic third term in the control of this, permission to tital capital injections. A committing Labor to a historic third term in the control of this, permission to the control of this, permission to the control of the co

keeps Palestinians resident in his

The PLO, in co-ordination with

Any changes it recommends will only be implemented after consultation with conference delegates, which need not involve waiting until their next gather-

The conference also passed a motion preventing a Labor Gov-

exports to France under existing

as committee, in this case to said decision by the Labor Government in 1986 allowing previously for another two years and safe-surface. The move follows a controversparked a storm within the party, which had ruled out all uranium exports to France at an earlier conference because of Paris's continued nuclear testing in the South Pacific.

The party's new uranium committee is certain to reappraise its contradictory "three-mine" policy with a view to abandoning or (more likely) expanding it. Sev

France or agreeing new ones. The eral companies are pressing for immediate significance of this, permission to exploit Australia's

PLO alarms summit leaders THE PALESTINE Liberation as a launching pad for attacks on ways in which Arab states can Organisation yesterday fired an Israel was more an opening gambelp translate the uprising into

Organisation yesterday fired an Israel was more an opening gamembarrassing shot across the bows of Arab leaders meeting in Algiers by calling on states surrounding Israel to open their borders to allow Palestinian attacks on Israel from their territory.

The processor to leaders gather. In their communique when the summit ends on Thursday, the leaders are expected once again to endorse the idea of an internaon Israel from their territory.

In a message to leaders gathering for an emergency summit civil war involving Palestinians focusing on the Palestinian uprising in the Israeli-occupied West President Hafez al-Assad also tional peace conference on the Middle East with full powers. But Western and Arab diplomats expect them to stop short of an explicit rejection of the Arab-Israel peace plan proposed by Mr George Shultz, US Secretary of

progress towards the Palestinian state. Details of the document

tinians living in their countries the summit's Algerian hosts, has to take part in the struggle mounted a strong lobbying effort, against Israel. against israel.

The message, published by Wafa, the official PLO news six-month uprising, and have not agency, also urged them to provide full "political, moral, diplomatic and material" support for mate representative" of the Palatic and material appointments. Yesterday's arrivals culmi-nated in a red-carpet welcome for King Hassan of Morocco, setting the seal on a reconciliation between two countries at odds for the uprising and to set up a perestinian people. This is a barb manent fund to finance the PLO. aimed mainly at Jordan and The statement was clearly the Syria, both of which are accused work of a PLO leadership anxious to exploit this week's sumauthority of Mr Yasser Arafat, mit meeting to obtain maximum the PLO chairman.

The PLO and the Algerians are 12 years over the conflict in the Western Sahara. Moves towards greater political and economic co-operation between North African states - and possibly a fur-ther attempt to resolve the ment of an independent Palestin-ian state.

Although Palestinian officials

The PLO and the Algerians are to present a working paper to the summit, which, apart from seeking extra funds to bolster Pales-Sahara problem – are also likely to figure prominently this week. with an expected mini summit between the leaders of Algeria, Libya, Tunisia, Morocco and suggested yesterday that the tinian resistance in the occupied request for use of Arab territory territories, sets out concrete

Societe d'investissement a Capital Varieble 13. Boulevard de la Foire R.C. Luxemboure 16926

Notice of Annual General Meeting

SIDELITY FAR FAST SIMIN

NOTICE is bareby given that the Annual General Meeting of the Shareholders of FIDSLITY FAR EAST FURD, a sociate d'Investigaement a capital variable organized under the laint of the Grand Duchy of Lusermooding (the "Fund"), will be held at the principal and repotend office of the Fund. 13, Bouthward de la Fotra, Lusermooding, at 11 00 a.m. on June 28, 1988, specifically, but without immigation, for the following purposes:

1. Presentation of the Report of the Soars of Directors,

7. Declaration of a cash dividend in respect of the Sacal year ended February 29, 1968, and authorization of the Sound of Directors to declare further dividends in respect of incest year 1988 if necessary to enable the Fund to quality for "distributor" status under United Kingdom Bas law.

8 Proposal, recommended by the Board, to amend the provisions of Articles 8 and 9 of the Fund's Articles of incorporation which presently provide that any owner of shares which conclude, in the aggregate, more than 3% of the number of shares the Fund is sufficient as assue, may be required by the Fund to redeem that excess amount. The Board recommends that the provisions be amended to permit the Fund to require any beneficial owner of the shares which constants more than 3% of the outstanding shares of the Fund to redeem the excess.

With the exception of Item 8, approval of the above Retts of the agenda will require the attractive vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quotien to be present as approved of tem 8 will require a quorum of all baset a majority of the shares custamed not the Meeting date and the attraction of the Meeting date and the attraction of the Meeting is not present, tem 8 may be velocit on a adjourned each of the Meeting, at which no maintain further of shares will be required to be present of the Meeting, at which no maintain storp of shares will be required to be present or represented in order for a quorum to be present. Subject to the imitations improved by the Affactes of incorporation of the Fund with regard to ownorship of shares which constitute as the opposite more than three percent (3%) of the shares extinctive for resultince, each share is entitled to one vote A shareholder may act at any meeting by provy.

BY ORDER OF THE BOARD OF DIRECTORS

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Postipankki Ltd:

### East-West project know-how for sale

Solidly strong in the bond markets, well versed in the arts of currency swapping and the intricacies of financial engineering, and with its third bond issue for the World Bank under way...Finland's revitalised Postipankki Group has sound references to trade on.

Newly incorporated as a limited liability company, Postipankki is emerging from its former constraints to play a greater role in arranging equity issues, to further its joint venture financing know-how in the eastern bloc and to manage project financing in countries as far apart as Scotland, China and Indonesia. Among other

things.
The company has a well established status to back up its services. One of the ffew banks holding a longterm triple-A rating, it has long been engaged in the foreign exchange business and operates the country's giro system.

Project finance re-presents another field in which Postipankki Ltd has been involved in some milestone commercial developments. It has a wealth of experience in advising Finnish and foreign companies on project and joint financing in the Soviet Union, and has arranged a number of financial packages for such projects for Finnish concerns.

One recent example comprised the renovation and upgrading of Moscow's Hotel Berlin, a joint venture between the USSR's Intourist organ-isation and Finnair. Postipankki and the Soviet Vneschecombank provided

In China, the city of Huizhou, north of Hong Kong and east of

Guangzhou (Canton). nestles in what has become a modern economic zone. At the heart of the city, the West Lake Hotel is being refurbished to international four-star standard by Polardesign to ac-commodate the growing number of foreign visitors, with Postipankki (UK) Ltd financing the contract.

Postipankki (UK) also participated in the £187 million guarantee facility for Caledonian Paper plc's £215 million investment in

In good shape to meet increased commercial demands

a new lightweight coated paper mill at Irvine, in Scotland. Caledonian Paper is part of Finland's Kymmene Corporation. On completion, expected by next April, the mill will be able to produce 170,000 tonnes of paper annually and provide direct employment for 400 people and indirect employment for another 400.

While Postipankki has amassed a wide range of experience in banking services, up to the end of 1987 its status was that of a state-owned financial institution. As from 1st January, it became a stateowned commercial bank services. and a limited company -101 years after its

founding.

Initially the state will maintain its 100% ownership of Postipankki Ltd. However, the special act regulating the bank's activities includes provisions enabling private owners to hold up to 49% of

By Victor Thome, Helsinki

and voting rights. There are as yet no firm plans concerning a possible extension of the ownership base. On the establishment

of Postipankki Ltd, the state took upon itself the obligation to provide the bank with such equity capital or other comparable financial resources as would be required in view of the quality and extension of the bank's

business and its solvency requirements. The share capital of Postipankki Ltd is now

FIM 500 million (£70m), total equity capital amounts to FIM 2,840m (£405m) and the total capital base is FIM 3,600m (£504m). In addition, when calculating the ratio of equity capital to liabilities, the Finnish government has undertaken to has guarantee an amount equal to 50% of the bank's highest capital level.

structural organisation on 1st May has left Postipankki in good shape to meet the increased commercial demands it expects as one of Finland's leading banks. That means added emphasis emphasis on the investment banking and international functions.

As far as competing in we're at home in."
the commercial banking Now that the world goes, Postipankki incorporated as a feels it has one or two leading edges in specialist

Says Managing Director Ilpo Santala: "In terms of financial engineering, we have a team of professionals here and at our London Office who, together, can offer a broad spectrum of expertise backed by good money.

"Then we have acquired a thorough practical know-how of the financial complexities of arranging project and joint venture funding in the Soviet Union - an area of growing interest to Western concerns.

\*One of our traditional strengths has been in Europe's fashionable flir-

Postipankki has a clear overview of the Soviet scene

arranging financing in debt tation with privatisation. instruments. The World Bank issue is a good and recent example of this.

"It says something about our reputation, in fact, that the World Bank has received three licences from the Bank of Finland to such companies have had to borrow in Finnish markkas mandate every time.

"The last bond issue for the World Bank was worth around £40 million. Deals

Thorough practical expertise in Soviet funding

like this involve a number banking of complicated currency swaps, which is an area

Now that the bank is incorporated as a limited liability company, the way has opened for it to handle

more equity financing.

"We've not been so strong in equities up to now," Santala relates, adding: "But we are beginning to launch more companies on the Finnish market. At the moment, we're about to undertake the sole management of the flotation of a proportion of the shares of a major stateinternational owned, company on the Helsinki

Stock Exchange." Undertakings of this sort have rich prospects in Finland, though it is important not to confuse share flotations of stateowned companies with

Ilpo Santala points out: "What people term as privatisation in Europe, we see as a highly pragmatic

way of state-owned concerns acquiring new share capital. Up to now, rely on budget financing to and, in the face of tough increase their equity - competition, Postipankki which meant they never has so far gained the got quite enough equity financing.
"With the increasing

internationalisation Finnish industry, tremendous growth in exports and overseas operations, takeovers, joint ventures and other projects, greater funding will be necessary. And this is precisely where banks like Postipankki can bring valuable expertise to bear.

Postipankki is these days very much more in the market for foreign business. Its skills in arranging a variety of finance packages for cross-border commercial schemes are on offer to any enterprise

requiring such services.
"We can offer some special services – for instance, to outside concerns wishing to establish operations Finland or acquire Finnish

companies," Santala states.
"It's all part of the new commercial opportunities that have been opened up to us, and a reorganised structure that allows us to cover the entire range of professional banking serv-

ices efficiently. "We're determined to commit our energies, flexibility and practical experience to making full use of those opportunities."

# Philippine Senate passes

Base and Subic Naval Base which 1,000 hectares leased to multina-are Washington's two most tional corporations to farm workimportant foreign bases.

THE Philippine Senate has In line with standard policy, approved a hill which would ban the US will neither confirm nor tegic US military bases.

The bill, approved by 19 of the 23 Senators, still has to pass through the House of Representathrough the House of Representa-tives and, in its draft form, has already met measured disap-proval from President Corazon ted to benefit more than 2m farmers in the largely agricultural

spreading. Mr Shimon Peres, the Foreign Minister and other

Aquino.

It would establish a monitoring country.

The bill allows landowners to nuclear activist, to enforce a retain a maximum of five hect. tion to prevent the example

suspected collaborators, pro-la-raeli mukhtars – traditional leaders - and those working with the military-led Clvil Administration. The weapons used have included grenades and guns as well as the more common petrol bombs.

Local Palestinian policemen who either refused to resign with their colleagues earlier this year, or else went back to work, are being singled out for particularly severe attention. Last week, for example, a policeman's house in Bethlehem was hit by six Molotov cocktails in one night. But most of the incidents go unpublicised, blanketed by the Israell authorities' determina-

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# Reagan warned over rise in US wheat output

wheat farmers and popular among Republican politicians may backfire in world trade talks, Reuter reports from Wash-

ington.
"We don't find it's a very helpful move at this stage," said Mr Derwent Renshaw, the European Community's agricultural coun-sellor in Washington. He was referring to the Reagan

Administration's decision 10 days ago to allow farmers to plant

more wheat next year.
Wheat farmers will have to make 10 per cent of their acreage non-productive in 1989, compared with 27.5 per cent this year, to qualify for Government price supports and income subsidies. US officials justified allowing

more wheat to be planted by saying US and world wheat sur-pluses were forecast to decline sharply this year, minimising the need for the Government to encourage production cuts in

The US has used acreage-idling schemes for more than 50 years

than \$1.3bn.
The significance of the Reagan Administration's decision was not lost on political analysts, who said. Republicans seeking elective US-EC at odds over cereal see office, including presidential can-

rival bid for Indian contract By John Elliott in New Dethi

FOREIGN governments are warn-ing President Ronald Reagan that capitalise this autumn on farm-a policy switch worth \$150 to US ers's improving wheat sales prosthe Indian Government a bid believed to be worth £550m-£600m, in conjunction with Ansaldo of Italy and Babcock and While farm policy is not expected to be a major national issue in the presidential campaign, it could be critical in some Middle West states, where most US Ansaud or italy and Badcock and Wilcox of Canada, to supply and erect the second 1,000MW stage of the Rihand power station in central India. A rival bid from Kraft Werk

wheat is grown.
Foreign wheat producers
greeted the US move with a cho-Union, part of the West German Siemens group, and the Indian greeted the US move with a chorns of protests.

"The decision will create significantly more supply in wheat markets at a time when world supply and demand are coming back into balance and prices are improving," said Mr Rawdon Dalrymple. Australia's Ambassador to the United States. "This could only have a depressing effect on world prices."

Mr Dalrymple accused Washington of violating a pledge it government-owned Bharat Heavy Electricals, is to be submitted

**GEC** faces

Mr Dalrymple accused Washington of violating a pledge it countries covering at least 35 per made in 1986 at the outset of the cent of the off-shore cost, plus

Uruguay Round of trade talks not to take any measures to improve its negotiating position, for example by trying to increase its share of world markets.

Mr Frans Andriessen, the Europe of three British commanies. Ball pean Community's farm commis-sioner, estimated US farmers will four Beatty, Taylor Woodrow, or harvest 12m more tonnes of Trafalgar House with an Indian The chance to harvest - and sell - about 330m more bushels of wheat next year is expected to boost the earnings of some 715,000 wheat farmers by more than \$1.3bn.

narvest 12m more tonnes of Trafalgar House with an Indian partner, possibly Larsen and Toubro of Bombay or Trafalgar House's Indian Cementation offshoot.

The rise in US production

because the National Thermal Power Corporation, the client for the contract, is still examining the companies' technical offers.

The assessment of the contract is already eight months behind schedule

The first stage of the power station is being built by an all-British consortium led by North-ern Engineering Industries, with GEC and Babcock International GEC was chosen by the British government, with India's approval, to lead the secondstage bid because NEI ran into delays on the first stage.

But NEI has improved matters in the past year and the Ministry of Power in Delhi is now encouraging it to produce an outline specification for a possible new major power station project. THE Soviet Union's ambitions to be accepted as a normal trading partner by Western industrialised nations, including membership of the General Agreement on Tariffs and Trade, seem certain to take over the coupling for the Soviet aims to review to be realised.

chairman of the Foreign Economic Relations Commission of could be drawn up for submission to the Gatt. He did not make it clear whether that would amount to an application for full some of the Soviet aims to review the complete that the

counterparts, who view with con-siderable caution the enthusiastic noises currently emerging from Moscow.

However, the theme of Soviet participation in international eco-nomic debates, including the problems of trade and aid. Third

State Committee for Foreign EcoWorld debt and currency relations, has been mentioned with
increasing frequency by Mr Mikhall Gorbachev, the Soviet leader.

Prof. Ivanov admitted that by

in recent months.
In a major speech to US businessmen in the Kremlin two months ago, he referred to the danger of "an avalanche of protectionist measures" because of growing instability in the world currency markets, and suggested that the "meetings of sevens and nines" should be expanded to include others - presumably the

Soviet Union.

A more modest repetition of the same idea has come from senior Soviet officials in recent weeks, including a timetable for applying to join Gatt, and spell-ing out proposals for a broad-based trade and co-operation agreement with the European Community - an organisation which until recent months Moscow had for 30 years refused

partner by western membership of nations, including membership of the General Agreement on Tariffs and optimism when he spelt out and Trade, seem certain to take years to be realised.

Showen a many membership, or simply to some of the Soviet aims to revitable the shrinking foreign trade sort of associate status.

After that, he said, it could take at least five years to negotive take at least five years to negotive.

The contraction of the Soviet aims to revitable the shrinking foreign trade sector, at a briefing for a handful take at least five years to negotive.

The contraction of the Soviet aims to revitable the shrinking foreign trade sector, at a briefing for a handful take at least five years to negotive.

He is a key figure in the new bureaucracy which controls the Soviet Union's trade relations, following the abrupt decision last January to abolish the Ministry of Foreign Trade and the related

Prof Ivanov admitted that by no means all the 5,000 had yet found jobs, and that the upheaval inspired by Mr Gorbachev's perestroike (reconstruction) process had caused real "aggravation", if not an open dispute.
We still have some people for

whom we have trouble finding a job," he said.

The new system is intended

simply to provide a framework within which sectoral govern-ment ministries, and some individual state enterprises are given permission to export and import directly. However the system remains very far removed from the sort of liberalised trading regime currently represented in Prof Ivanov said that at least

two years would be needed for the Soviet Union to begin the

The West is being cautious over Soviet optimism, Quentin Peel reports

ate - "maybe some will say even that is optimistic."

Mr Gorbachev has suggested that meetings of 'sevens and nines' should be expanded to include others

On another key question of liberalised external trade relations, the introduction of a fully con-

The linkage between external Comecon partners and develop-liberalisation and internal eco-ing countries was largely pro-

• Full internal convertibility of the rouble, meaning "at least to recognise.

reform of its domestic price structor of the rouble, meaning "at least Professor Ivan Ivanov, deputy ture, and their change its externion per cent of our domestic busi-

1987, published last week, confirm an overall drop in trade volthe introduction of a fully convertible rouble, he was even
more cautious, suggesting that
no action was feasible before
the introduction of a fully conume over the past two years from ture being
Roubles 142.1bm in 1985 to Routure being
ture being 1995, with final convertibility industrialised nations dropped by being reached only by the end of more than 30 per cent over the two-year period, while trade with

> increasing numbers of joint ventures with Western partners, although always with Soviet con-

Moscow faces hurdles on Gatt ambitions

ness turnover affected through wholesale trade" ie, freed of the restrictions of central planning.

The creation of a competitive export sector "to provide foreign holders of roubles with competitive exports from the Sovict Union":

The need to stabilise the chronic imbalance between excess money supply and inadequate supply of goods to spend it on, otherwise a convertible rouble would simply result in faster domestic inflation.

Progress to date towards the ambition of a revitalised external trade sector is also pambilly slow progress, with Western positive rules insisting that any joint venture must generate adequate foreign trade sector is also pambilly slow progress, with Western positive rules insisting that any joint venture must generate adequate foreign partner.

ambition of a revitalised external rade sector is also painfully slow — thanks in part to the downturn in Soviet imports because of the drop in the oil price.

The latest trade figures for together Chevron, Forti, Rodak and other names, suggest greater and other names, suggest greater flexibility, with the foreign cur-rency provided by one joint ven-ture being made available to others whose income may be largely

Prof francy said that both a West European and a Japanese consortium were working towards similar deals, while the US organisation was open to

liberalisation and internal economic reform is also clear. Prof tected.

The sharp drop in imports - which Soviet trade officials say interest in the per cent recovery in the first proved a telling incentive for extreme caution because it is certain to the Soviet plans to have with his success in persuading the own communist party to accept a far greater degree of flexibility and independence within the economic system.

### Saudi Arabia's exports up 17.3% last year

SAUDI Arabia's exports rose 17.3 (Sabic) came on stream for the per cent in 1987 to Riyal 84.6bn first time. (£12bn), the Ministry of Finance The ministry did not state

explain the improved export fig-proportion ever-ures, but plastics and petrochem- Export of ures, but plastics and petrochem-icals also did well as a number of petrochemical plants owned by boosted figures. Almost 1m tons the Saudi Basic Industries Corp. of Saudi wheat were exported

tralia take steps to cut output

Mr Andriessen and Mr Dalrymph

The ministry did not state and National Economy reported what percentage of exports conthis week. Imports rose 6.4 per sisted of petroleum, but plastics cent to Riyal 75.3bn.

Higher oil exports largely 7.1 per cent of exports, the largest

# Taiwan plant may switch to US

BY BOB KING IN TAIPE

plant - could, because of environmental and political issues, shift from the island to the US.

Formosa Plastics, Taiwan's largest conglomerate headed by the billionaire Mr Wang Yung-ching, says it is "seriously con-idence" setting to a plant to sidering" setting up a plant to produce naphtha and various plastics in Point Comfort, Texas,

where his company already operates a plastics facility. Mr Winston Wang, the com-pany's industrial manager, said Formosa Plastics has already

no final decision to locate the feared would present serious pol-project in Texas had yet been lution problems. made. Much, in fact, depended on a review by Taiwan's Environ real issue was agitation by offi-mental Protection Agency of pro-cials who sought to make politi-posed pollution controls, sched-cal capital out of opposition to uled for July. Should the Agency display "logical sense and sincer-ity" during the review. Formosa Plastics might still establish the

plant in Taiwan, he said. Objections by people living the property and oil downturn, near two proposed sites in welcomes new investments. Taiwan have plagued the project

THE largest proposed investment \$2,000 an acre. Newspaper reports planned, it included a naphtha in Taiwan in recent years - a said the purchase comprised 1,500 cracker to deliver key feedstocks \$3bn (£1.6bn) integrated plastics acres and thus cost the firm \$3m. to the company's plastics fabrica-Mr Wang added, however, that tion facilities which residents

Mr Wang, however, said the the plant. Faced with objections, Formosa Plastics began looking for possible sites abroad, and found a near-ideal location in Texas, which, still reeling from

Mr Wang explained that the bought land for the project next since it was first announced more project has been expanded to to its existing Texas plant for than a year ago. As originally include new materials.

### Taipei to send mission to Vietnam soon

BY BOB KING IN TAIPE!

TAIWAN, still struggling to find application for the Taiwan visit to the Soviet Union.

The economics ministry approved a fact-finding mission approved a fact maning mission to Vietnam by a team from the quasi-governmental China External Trade and Development Council, which considers that nation a potential buyer of Taiwanese industrial goods such as machinery.
At the same time, the ministry

declined to approve a second

a clear-cut trade policy toward Import-Export Association, which communist nations, is preparing to send a semi-official mission to the Soviet Union this autumn to Vietnam shortly but has ruled explore avenues for indirect out for the moment a similar trade.

A ministry official said the reluctance to endorse trips to the Soviet Union resulted from the feeling that such missions would contradict current policy, which allows only indirect trade connections with that country.

Recently, the government approved direct trade links with all Eastern bloc nations except the USSR and Albania.

# MONTEDISON

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### **NOTICE OF A GENERAL MEETING OF SHAREHOLDERS**

Shareholders are hereby convoked to attend an ordinary General Meeting of shareholders, to be held at the Company's registered office in Milan, Foro Budnaparte 31, on June 24, 1988, at 10.00 AM (first call), and, if needed, on June 25, 1988 (second call), same time and place, in order to discuss and vote upon the following

- Reports by the Board of Directors and Statutory Auditors on the financial year 1987; - Accounts for the financial year 1987;
- Appointment of Directors;

Shareholders are entitled to attend the General Meeting if, at least five days prior to the Meeting, they have deposited their share certificates at the Company's registered office or at one of the following financial

Monte Titoli (for certificates deposited with the same), Credito Italiano, Banca Commerciale Italiana, Banco di Roma, Banca Nazionale del Lavoro, Banco di Napoli, Banco di Sicilia, Banco di Sardegna, Istituto Bancario San Paolo di Torino, Monte dei Paschi di Siena, Banca Cattolica del Veneto, Banca Cesare Ponti, Banca Credito Agrario Bresciano, Banca del Monte di Lombardis, Banca di Legnano, Banca Lombarda di Depositi e Conti Correnti, Banca Menusardi & C., Banca Mercantile Italiana, Banca Nazionale dell'Agricoltura, Banca Popolare Commercio e Industria, Banca Popolare di Bergamo, Banca Popolare di Lecco, Banca Popolare di Milano, Banca Popolare di Novara, Banca Popolare di Sondrio, Banca Provinciale Lombarda, Banca Subalpina, Banca Toscana, Banco di Chiavari e della Riviera Ligure, Banco di Santo Spirito, Banco Lariano, Barclays Bank PLC, Cassa di Risparmio delle Provincie Lombarde, Cassa di Risparmio di Firenze, Cassa di Risparmio di Genova e Imperia, Cassa di Risparmio di Roma, Cassa di Risparmio di Torino, Cassa di Risparmio di Verona Vicenza e Belluno, Citibank N.A., Credito Bergamesco, Credito Commerciale; Credito Emiliano, Credito Lombardo, Credito Romagnolo, Credito Varesino, Creditwest, Istituto Bancario Italiano, Istituto Centrale di Banche e Banchieri e Banche sue Associate, Istituto di Credito delle Casse di Risparmio Italiane "I.C.C.R.I." on behalf of Casse di Risparmio Associate, Nuovo Banco Ambroslano, Standard Charlered

Abroad (By appointment of Italian banks according to law.);

In Switzerland: Société de Banque Sulsse—Basel and Zurich, Crédit Suisse—Zurich, Union de Banques Sulsses—Zurich, Hentsch & Cie.—Geneva, Banca della Svizzera Italiana—Lugano, Banco di Roma per la Svizzera—Lugano.

Banque Nationale de Paris, Crédit Lyonnais, Banque Indosuez, Sanque Louis Dreytus—Paris.

In Great Britain: Hambros Bank Ltd., Morgan Guaranty Trust Co:--London

In Belgium: nque Bruxelles Lambert, Kredietbank, Genérale Bank-Bruxelles.

In West Germany: Deutsche Bank, Dresdner Bank, Berliner Handels- und Frankfurter Bank-Frankfurt a/Main.

In The Netherlands: Amsterdam Rotterdam Bank N.V.—Amsterdam and Rotterdam.

In U.S.A.: Citibank N.A., Morgan Guaranty Trust Co.-New York.

On behalf of the Board of Directors Raul Gardini Chairman

PROCEDURES TO BE FOLLOWED BY FOREIGN SHAREHOLDERS:

(a) Shareholders wishing to attend They must request in writing or by telex that the bank where their shares are deposited issue an admission ticket, if that bank is one of Montedison's above-listed depositary banks. If the bank where their shares are deposited is not one of Montedison's depositary banks, they must request that that bank transfer their shares to one of the depositary banks so that an admission ticket can be issued. All admission tickets must be issued at least five days before the General Meeting.

(b) Shareholders wishing to vote by proxy Under Italian law proxies cannot be given to: banks, members of the Board of Directors, statutory auditors, and employees of Montedison and its subsidiaries.

Please Note: Shareholders may contact the foreign branches of the above-listed Italian depositary banks to expedite these procedures.

For further information, please contact: Tel.: 39-2-6270-5421.

### Brazil aiming for wood pulp market BY CHRISTOPHER PARKES, CONSUMER INDUSTRIES EDITOR

THE BRAZILIAN forest products industry boasts - among other tain how many of the schemes already has a well-established would eventually produce pulp, and farm. It has record-breaking at least three of them were certrees which grow at an average

The industry also has a renewed commitment to establish itself as a significant and consistent force in the world pulp market, according to Mr Francisco Gros, president of Aracruz Celulose, one of the biggest forestry companies in Brazil.

The ant farm is a legacy of the Brazilian industry's chequered past. It consists of thousands of useless plantation acres in the Matto Grosso, 1,000 miles from the nearest port, which were developed by people interested solely in taking government planting subsidies rather than

don yesterday. demand and improve re The new management in Bra-the vast risks we take. zil's industry has more ambitious plans for newer generations of

moment concentrating on produ- making such announcements cing market pulp which will be should in future deposit a prom-sold around the world as a basic issory note of, say, 2 per cent of

Demand was standard paper told the FT World Pulp and Paper Conference. In the past fry years world supply of pulp i...d grown the bond should be forfeited to the bond should be forfeited to the benefit of the paper industry at large.

If the project use if the project use is the bond should be forfeited to the benefit of the paper industry at large.

Mr Pentti Rautalahti, president of Veitsiluoto of Finland, uneasy about projected to 98 per cent last year. The gap increases in the supply of market was still narrowing, he said. In recent years domestic puln consumption had grown rapidly in Brazil with the development of the paper and publishing industries. Partly as a result of this exports peaked in 1983 at 978,000 tonnes and had been falling ever by only around 1.5 to 2 per cent a since. Last year they were 14 per year throughout the 1990s. cent lower at 843,000 tonno

reversed. Pulp deliveries to Brain the first quarter of this year, Mr Gros said, while exports rose 27 per cent.
One cause had been statutory tempor controls on the domestic pulp plant. market which meant producers obtained prices far below world

Brazilian papermakers. Indicating the potential of the Brazilian industry, he listed 10 pulp mills, pollution, environ-current projects which could mental constraints and high capiincrease Brazil's output of tal costs would also have an and next and the rest during the first half of the 1990s.

tain to come on line. All of these of Soporcel in Portugal, said the of one centimetre a day and are ready for pulping after only seven years growth. were being established by compation and with no interest in paper wood shortages. Consumption of manufacture.

> national Jefferson Smurfit, later took up the issue of the proliferation of plans and projects which often came to nothing.

CONFERENCE

seriously building a pulp and the world industry was ever paper industry, he said in Lon- properly to balance supply and mand and improve returns "on

Some companies announced expansion plans or new developments in the hope of frightening Going against the trend in off the opposition rather than other countries, where pulp and with any intention of completing paper manufacture are increasingly integrated, Brazil is for the He suggested that companies

issory note of, say, 2 per cent of the value of the project with their paper-making material. the value of the project with their Demand was strong, Mr Gros told the FT World Pulp and Paper tute or similar trade body.

Around 1993 to 1994 it will be growing a bit too fast for my taste," he said. At the same time, he expected the current high growth in demand to subside and increase

ent lower at 843,000 tonnes. Companies planning the instal-However the trend was being lation of new pulping capacity would also face mounting preszilian papermills fell 20 per cent sures from several quarters. Shortages of wood, for example, would mean Spanish and Portuguese pulp makers would have temporarily to stop adding new

Energy costs would also rise as political pressures slowed down the introduction of nuclear rates for raw materials sold to "We are not prepared to subsi-dise exports of Brazilian paper any further," Mr Gros noted. seemed inevitable, he said.

bleached eucalyptus pulp by effect. more than 2m tonnes a year. Two "It looks as if most of the new more than 2m tonnes a year. Two
were scheduled to open this year
(pulp) supply will be coming from adding to existing capacity and from building new mills, but in

Although he could not be cer- areas where the pulp industry

pulping wood had overtaken for-Mr Dermot Smurfit, joint depest production, and the situation uty chairman of the Irish multi-was being made worse by heavy exports of encalyptus logs.

> Portugal planned to increase its eucalyptus acreage by 60 per cent in the next 10 years at a cost

of \$600m. Mr Ron Aurell, managing director of North British Newsprint, a newly-formed venture based in Scotland, forecast growpossible showdown between com-More discipline was needed if petitors in the British newsprint market in 1990 and 1991.

North British, which has yet to start production, and a new Finn-ish-owned factory at Shotton, on Deeside, would both be looking for market share.

Store of Sweden, with two new newsprint machines due to come on stream shortly, would also want to grow, Mr Aurell said. "Canada wants to come back and the Finns do not want to give anything up," he added.

However, there were factors which favoured domestic producers, such as short delivery times, flexibility and quick, easy contacts with the press and publish-

ing companies.
"It may also be that consolidaing tensions in the newsprint section of the European Community tor. He said Britain could become into a truly common market in a battleground and forecast a 1992 will add to the advantage of being an EC producer as com-pared to producers outside the EC," he suggested.

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1988 will be U.S. \$202.85 per U.S. \$10,000 principal amount. By: The Chase Manhattan Sank, N.A. London, Agent Bank

O CHASE

### **AMERICAN NEWS**

### Challenger rocket builder withdraws

By Roderick Oram in New York

Collitions with the Administration of the Ad

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On

MORTON THIOKOL, whose booster rockets caused the Chel-lenger space shuttle disaster in 1986, has withdrawn from the stim contest to design the next generation of solid fiel engines for the US shuttle programme. The company said it would concentrate instead on improving

its current design which will help propel shuttles into orbit until the new engines are phased in between 1994 and 1997. It will seek, however, rocket contracts for unmanned space flights. Flaws in its booster caused the Challenger to explode, killing the seven crew members. The company then agreed to a \$400m pro-gramme without profit to rede-sign the booster. The first shuttle flight since the accident is scheduled for late August after months of delays caused by further

Space industry observers said that continuing unhappiness in Washington about Morton Thiokol's performance in the shuttle programme would have weighed heavily against the company in the contest for the next generation of engine.

would be needed to increase shuttle payloads to the original specifications. The shuttle had not met its goals from the outset but the shortfall would be greater when flights resume because Morton Thiokol's redesigned engines were heavier than their

The new generation will increase the payload by about 12,000 lb per flight, or by the equivalent of 24 flights over a 14-flight annual schedule.

Nasa had appeared to tilt the contest against Morton Thiokol by insisting the new engine be built under contract in its own plant. It wants to build the plant transport the rockets to their Flo-rida launch pad. Morton Thiokol makes boosters in land-locked

The three remaining contestants are a joint venture between Hercules, the major chemical company, and Atlantic Research: a joint venture of the Aerojet General subsidiary of GenCorp and a unit of Lockheed; and United Space Boosters, a subsidiary of United Technologies.

# Breakthrough in talks on Brazil's \$62bn bank debt

By Stephen Fidler, Euromarkets Correspondent

talks about a record \$620n debt rescheduling and a new \$5.2bn bank loan, have overcome a sig-nificant obstacle to agreement.

A compromise on the linkage of bank pay-outs of new money with a loan package negotiated by the International Monetary Fund leaves only one question at issue in the negotiations, whether the banks will be able to seize certain Brazilian assets abroad in case of default.

Meanwhile, Argentina's lead-

The Brazilian agreement explicitly ties in the bank loan with the IMF programme, but more flexibly than has been the case in previous rescheduling Packages, where disbursements of funds by the commercial banks have been rigidly tied to disbursements by the IMF.

The \$5.2bn would be paid out in three tranches, the first of tion is regarded by many bankers \$4bn linked to the approval by as much more likely to be the IMF board, expected in late included in the package for July or early August, for the IMF Argentina, which simply cannot ing creditor banks are set to meet package which includes a \$1.6bm afford to make its interest pay today to discuss their approach standby loan. The second transh ments this year. Following the to its problems in meeting its for- of \$600m would be paid out by talks among the banks this week, eign debt repayments. The meeting follows bilateral talks \$600m by the end of the first ted to start talks with banks in between President Raul Alfonsin quarter of next year.

BRAZIL and its leading creditor and the chairmen of leading US

The disburséments would banks, bogged down for weeks in banks.

The disburséments would depend on reports from the IMF on the Brazilian economy, but would not be linked to IMF disbursements. The term "tie-in" is being used rather than linkage, which has undesirable connotations for the Brazilians. Bankers said interest capitalis

ation was not seen as essential for a country likely to run a trade surplus of \$13bn or more a year. However, interest capitalisa-tion is regarded by many bankers included in the package for Argentina, which simply cannot

# US frets over summit optimism

BY STEWART FLEMING, US EDITOR, IN WASHINGTON

defence spending, Mr Colin Pow-ell, President Reagan's National Security Adviser said yesterday.
In the wake of the Moscow
summit, concern is being mits...make good sense" and expressed in the US that President Reagan's meeting with Mr should continue "to explore Gorbachev may contribute to an over-optimistic assessment of the outlook for US-Soviet relations.

Gen Powell said that despite Soviet reforms the military threat was unchanged. It is not just conservatives who are

in helping Soviet economic mod-ernisation until it sees hard evi-dence that Moscow is cutting pragmatic approach to dealing with Moscow contrasts sharply with the hard line of his prede-

> whatever avenues are open to us to ease tensions that divide us" Mr Carlucci said that "better relations must be built on a strong foundation". Mr A M Rosenthal, former

ing. Mr Frank Carlucci, the ride that US-Soviet relations had Defence Secretary, told the taken in a forthcoming article in

THE WEST should not go too far National Press Club in Tokyo on Foreign Affairs magazine, he said in helping Soviet economic mod-Monday "summitry is no substitute for security". Mr Carlucci's Cyrus Vance would also express their concerns.

The two, Secretaries of State in the Nixon and Carter Administration's respectively, say: "No American President can base his policies for dealing with the USSR on the presumed intentions of a Soviet General Secretary. We cannot predict whether his intentions may radically change under domestic political pressure. A successor may change policies as has happened before. Nor can we executive editor of the New York pretend to understand the inner expressing unease about the way Times, wrote yesterday about workings of the Kremlin well relations with Moscow are evolv- what he called the "roller coaster enough to know whether Gorbaenough to know whether Gorba chev will succeed or survive."

# UN plan on chemical warfare

BY OUR UN CORRESPONDENT

matic inquiry into allegations of the use of chemical weapons in 1984 in the Gulf conflict. war so that investigations might Sir Geoffrey said that war so that investigations might Sir Geoffrey said that poison not become entangled by political gas was repeatedly used in that

Sir Geoffrey Howe, the UK Foreign Secretary, also said that wherever the use of chemical

BRITAIN yesterday proposed in tional community must take the United Nations the establish-ment of procedures for an auto-the supply of key precursors, as

In offering the proposal at the special session on disarmament, Sir Geoffrey Howe the tree civilised world. "I cannot believe the tree civilised world." I cannot believe the tree civilised world. "I cannot believe the tree civilised world." is powerless to prevent the creening proliferation of chemical weapons was proved the interna- weapons," he said.

Britain had taken a lead in the search for greater openness and abandoned its own offensive chemical capability 30 years ago Sir Geoffrey said. Recalling that the interna-

tional community was allowed to witness the destruction of Britain's pilot nerve agent plant, he urged the Soviet Union to be similarly open when a British team went to its military chemical warfare establishment at Shikhany next month.

Tim Coone reports on concern over Buenos Aires' nuclear plans

# Nuclear waste tempts Argentina

ethical question of whether industrialised nations might seek such sites in the Third World to rid themselves of their own radio-

Investigations into potential nuclear waste sites in Argentina began as long ago as 1977. Attention eventually focussed on a granite formation 500 metres underground at Gastre in southern Argentina. The feasibil-ity study is expected to be completed this year, paving the way for an almost guaranteed govern-ment go-ahead for the project.

Local nuclear industry experts say that contacts were made between the Swiss and Argentine governments several years ago over the possible acceptance of radioactive wastes from Switzerland's own nuclear programme.

This has been denied emphatically by both governments. Mr. Elias Palacios, the head of Radio-

logical Protection at the Argen-

tine Nuclear Atomic Energy Commission (CNEA), who is also in charge of the Gastre project, said "the repository is designed to take the wastes produced by six nuclear power stations operating over a period of 30 years." He is more circumspect about whether foreign wastes would be accepted: "As a technical organi-sation CNEA has never contemplated in the (Gastre) study the inclusion of wastes which are not

in 1984 proposed in a party docu-ment that Argentina should Nonetheless there is urgency to indeed consider the acceptance of start the project. The oldest spent

whether to construct an underground nuclear waste disposal site, the first such repository in Latin America.

Behind that decision are hid-suspect that some unwritten pro-site of the Argentine nuclear pro-site in the region of the argentine nuclear pro-site in the argentine nuclear pro-site in the region of the argentine nuclear pro-site in the argentine nuclear pro-site in the region of the argentine nuclear pro-site in the argentine nuclear pro-site den concerns over the ultimate posals exist for acceptance of gramme is likely to double if not nium is sufficient to manufacture aim of Argentina's nuclear prowastes from third countries," he treble that figure. Under present a nuclear bomb and reprocessing gramme. And linked to it is the said. He is a politician of the circumstances Argentina is of the natural uranium fuel from opposition Peronist party which unable to finance the project Argentina's reactors is likely to

A mere 15 kg of plutonium is sufficient to manufacture a nuclear bomb and reprocessing of the natural uranium fuel from Argentina's reactors is likely to

tries. The Peronists, moreover, one reactor are now approaching are more committed to the 15 years old. When they reach 20 nuclear programme than the years it is expected that some present government.

Mr Perl, however, said he is opposed to the project at present "as there is not yet a 100 per cent guarantee of security against contamination." He is even pro-posing to hold a referendum in his province on the issue should the Government approve the project, although he adds: "I would dare to say that most people will be glad of the extra employment it will bring."

Extensive co-operation between Argentina and several industrialised nations with large nuclear energy programmes, namely West Germany, Switzerland and Canada, already exists. One or more of these nations might well from Argentinian reactors. It is be interested in Argentina taking Palacios. The project cannot

produce hundreds of kilograms per year. nuclear wastes from third coun- fuel elements stored in pools at will start leaking into the sur-rounding water, thereby creating a contamination hazard. Moreover, a fuel reprocessing plant is expected to be inaugurated soon,

The Gastre site is designed to

the decision over a fourth is now in doubt due to enormous cost overruns on Atucha II and the lack of government finance. the Gastre project is involved in stop spent fuel from unsafe-handling equipment and building guarded reactors in other coun-

THE Argentine Government is more a political problem," he expected to decide later this year whether to construct an underwhether to construct an underMr. Nestor Perl, the governor of factors in their favour.

some of their own radioactive therefore be easily scaled back wastes — and there are several for a reduced nuclear energy programme, making the temptation to accept third country wastes

question. A mere 15 kg of plutoproduce hundreds of kilograms

per year.

It is argued that the removal of plutonium 239 from the spent reactor fuel makes underground storage of wastes acceptably safe. The buried waste containers are designed to hold out for 1,000 years before any leakage into ground water occurs. The caesium 137 and strontium 90 elements, the most prolific of the fission products from uranium, which have half lives of 30 years and 27.7 years, can be expected to be adequately decayed before they are likely to enter into the biosphere. Plutonium 239, how-ever, has a half-life of 24,400 years and this, says Mr Palacios, is why the fuel must be repro-

CNEA officials insist that all which will create its own waste problem from the recycled fuel. this plutonium will simply be used to burn alongside the natuused to burn alongside the natural uranium in its existing reactake waste from six reactors. At present Argentina has only two, the third (Atucha II) is suffering extended construction delays and diverted during reprocessing diverted during reprocessing from its unsafeguarded reprocessing plant, which is due to enter operation at any time.

The argument is a reasonable

Over 60 per cent of the cost of one, although there is little to the access down to 500 metres tries passing through the plant underground according to Mr but the Argentine Government's

# Argentina's retail prices continue to rise

inuing at its inexorable pace industrial raw materials (16.8 per according to the latest Govern-ment figures published yester-

Retail prices climbed by 15.7 per cent during May, while wholesale prices jumped by 23.2 per cent, making the totals for the past 12 months 236 per cent and 351 per cent respectively.

Although the climb in retail prices for last month was slightly ower than the figure for April (17.2 per cent) the accelerating

INFLATION in Argentina is cont-rise in wholesale prices and cent in April) signifies that efforts to slow the inflationary inertia in the economy are not enjoying great success.

> Last months' indices were pushed sharply upward by sub-stantial price rises in the chemi-cal and metal industries, by the increased cost of imported goods through the devaluation of the currency and by marked increases in public utility tariffs

and transport costs.

enterprises out of the red.

wage bargaining, and the lifting of price controls in most sectors earlier this year, has made it much more difficult now for the Government to slow the inflationary spiral, which it had achieved previously by successive price and wage freezes.

spending are projected during agreement are not good.

The latter two formed part of a this year, especially in the public deliberate Government policy to sector subsidies which are widely take loss-making public sector blamed for the underlying inflation rate. It remains to be seen The return to free collective backs will be.

Government officials are now Government officials are now grant a government officials. how politically viable such cut-

attempting to negotiate a "social contract" with the business sec-tor and trade unions as a means of introducing voluntary price control. But with elections on the horizon and the failure of several similar attempts over the past Big cutbacks in Government four years, the prospects for an

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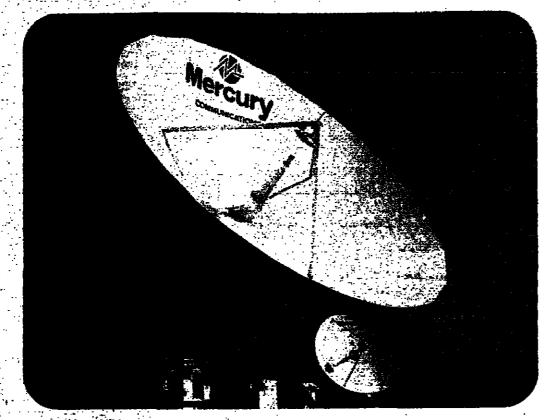
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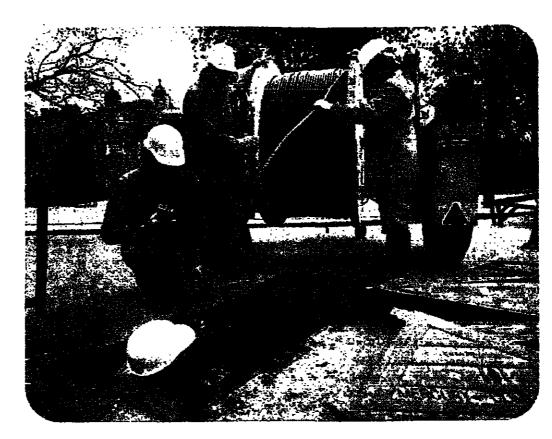
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SENIOR MANAGERS at one of Merseyside's biggest employers study their annual performance plans and see that they must achieve output of at least 1969 units of a particular product.

Nothing unusual, except that these managers work in Britain's National Health Service and the product is hip replacements. They have similar specific targets to meet in areas ranging from open heart surgery to whooping cough immunisation, as well as many more general policy objec-

The managers in the Mersey Regional Health Authority, like senior colleagues throughout the NHS, know that this is not just an exercise in window dres for public relations purposes. Their individual performance appraisal – and increasingly their pay – depends on the targets being met.

Whatever else comes out of the

current NHS review being conducted by the Government, it is guaranteed to reiterate the need to raise efficiency. But so far as the service's management is con-cerned considerable progress is already being made.

The NHS management struc-

ture underwent a period of immense change in the wake of the 1983 Griffiths Report on NHS management which led to the replacement of committee-style consensus management with a more conventional system of gen-

eral management.
Since then, the new general magers have not simply been left to get on with it. A structure of individual performance review and performance related pay has been developed as part of a pro-gramme to sharpen up the ser-vice which the NHS delivers to He begins by stressing that

its customers, the patients. Len Peach, an IBM executive on secondment to the Government as chief executive of the the action steps towards a partic-NHS management board, sees ular objective, they are to be individual performance review judged not on whether they took and performance related pay as the actions but whether they met essential elements in a drive to the objective. It is the result that change the very culture of the counts. NHS - above all, to give it a culture which is, like any conventional business, concerned with outputs.

### Targets

For this reason, the targets set in performance review exercises include particularly clear and specific ones. "The weakness of individual performance review in • The importance of performany organisations is that the mance plans covering all aspects review process is remote from what the organisations are actu-thing that managers do should ally trying to do," says Peach. "In bear on some objective of their the NHS we are very clearly har- job, otherwise it is redundant nessing the review priorities to what we need to achieve."



# Health service pay put to performance test

Alan Pike reports that considerable progress is already being made to raise management efficiency

objectives are more important than process. "While it is helpful for managers to be clear about

Other key points emphasised by Peach, which reveal much of his philosophy about motivating the NHS's huge management team, include:

 The need for objectives to be assessable with, where possible, quantitative measures of success or failure, "Managers cannot be held accountable for objectives which have no criteria of suc-

of the manager's job. "Every-

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organisation is limited. . Managers who think they have all the skills they need will soon reach the limits of their contribution."

from some managers that they can hardly be expected to have sharp objectives while the priorities of the NHS itself are somewhat hazy and under review.

"The problem is to a degree a factive of any correlation." feature of any organisation which has to adapt to changing circumstances," he says.

While much of the stress is on

performance which can be mea-sured in a precise way, the review procedure is not limited review procedure is not limited to this. It could not be, because it is far from the limit of an NHS nager's job.

"There would be something wrong in a district if a manager job, otherwise it is redundant kept doing things which led to activity."

Making managers accountable Members of Parliament, says for all outputs, even in areas Peach. "So keeping MPs informed Peach has just sent out lengthy for all outputs, even in areas Peach. "So keeping MPs informed guidelines to regional health where they may not have full obviously forms part of the job authority chairmen and general control. "Even where a manager and is subject to review. We are

ence."

© Giving more weight to management development and training. "If managers see no need to learn and grow the scope for improving the performance of the organisation is limited. Managers who think they have all the management development and training. "If managers see no need to and those in other organisations on band 5 are frozen at their current salary levels pending improvement or departure.

NHS managers face many of ment additions of up to 4 per cent. Unsatisfactory performers on band 5 are frozen at their current salary levels pending improvement or departure. media manipulation.

he limits of their contribution. These pressures, plus others Peach rejects the complaint like the added complications of which has come back to him managing highly professional medical and scientific groups, mean, says Stephen Taylor, a director of Kingsley Lord who took part in the consultants' study of the NHS review system, that "you have to be good to sur-vive." Taylor is most impressed by the high quality of manager he has met in the NHS compared with their counterparts elsewhere, a view which Peach

> But part of Peach's problem is to give these people, whatever their individual talents, a sense of corporate identify in a vast service where identification with

handed down for detailed implementation in the regions and districts, is helping to produce this greater sense of identity with the wider organisation. The Kingsley Lord investigation showed strong support among managers around the country for the principle of setting objectives and assessing

performance, even if some were not overjoyed about their own initial performance ratings. Under the review process, the 14 regional general managers are reviewed by their chairman with Peach personally acting as assessor, or grandparent as he describes the role. District general managers are reviewed by district chairmen and assessed by regional chairmen, while unit general managers are reviewed by their district general manag-ers with regional general manag-

ers assessing. Introduction of the system has been accompanied by specially designed training for all involved. The review process ends with managers being banded into one of five grades ranging from band

 "consistently exceeds basic short-term objectives and makes excellent progress towards long-term goals," to band 5 - summed up in a single curt "unsatisfactory." On the first round of the review system the nt of regional managers assessment of regional managers produced scores ranging from I to 4. But in the latest round this gap has narrowed partly because, Peach is convinced, the system has the effect of raising stan-

managers on how the latest does not have direct control it looking for a good balance across round of the review should be may be his duty to seek to influte the total requirements of the grades receive performance job."

NES managers face many of merit additions of up to 2 per merit additions of up to 2 per

### Review

At present the most successful managers can add a maximum of 20 per cent to their basic salaries - which are £37,275 for a regional general manager and up to £35,175 for a district general manager – over five years. Peach does not believe a 20 per cent performance increment is sufficient and would like performance related pay representing 30 to 50 per cent of salary.

He also wants to see individual performance review and performance related pay extended further into the management struc-ture of the service. The NHS's 8,000 middle managers are the next obvious group, and some of service where identification with them are agitating for it to begin. a particular health authority, But it need not end there. There hospital or function comes far are, including supervisors, some 40,000 people with managerial responsibilities in the NHS management board many a large company. Takeovers and mergers

# Strike while the iron's hot

Michael Skapinker on a study of post-acquisition strategies

Interviews with executives in both acquiring and acquired com-panies, as well as 150 replies to a

The latter group, the report says, work to a couple of basic rules. These are: plan first, imple-

report says. The successful pur-chasers know how they are going to handle an acquisition before the deal is closed. "If you don't know what you are going to do, don't do it," the report says.

The practiced acquirers have, for a start, already analysed the reasons for the success or failure of the company they are buying. This analysis, in turn, influences the way they act in the period immediately after the takeover. The acquired company's suc-cess might, for example, have

been based on the close relation-ship that one or two key managers have with their customers. If these managers are dismissed, "a good revenue base can disappear like the morning mist," report says.
It is just as important to under-

stand why the acquired company has been underperforming. It might, for instance, have been hampered by the excessive reporting requirements demanded by its previous parent company.
"A classic case here is the sale

of Remington Shaver to the entrepreneur Victor Kiam. The company had a first-class product

An opposing second school believes in spending time study-ing the newly-acquired company before taking any action. Advosome of those interviewed cates of this approach argue that wished they had never embarked on the purchase of the companies they ended up owning. Others, however, had become master acquirers.

Action favoured

After listening to both sides, the authors of the report come ment quickly, communicate down in favour of immediate frankly, and act correctly.

Prior planning is essential, the takes made, but it seemed to us that the more carefully considered mistakes were often worse, and were compounded by delay." sion is what to do with the man-agement of the acquired com-departments, few economies of pany. The report points out that while this might not be upper-most in the minds of the purchasers, it will certainly be the prime concern of the acquired manage-

> Various options are available here, from putting in a new chief executive and chief financial officer to leaving the existing mansome of their own people into the some of their own people into the acquired company. This decision, says the report, should be made at the outset. agement untouched. Successful acquirers tend to put at least

communication. "Under-communicating is probably the single most important cause of poor motivation, general discontent and rumour generation in all mergers. Even experienced veter-ans sometimes fall to realise the degree to which the thirst for

"SOMEHOW we never seemed to get it right," said one senior says. "Many of these overheads were people largely concerned with providing information to answering questions from answering questions from their new purchases. Sometic their new purchases sometic their new purchases. Sometic their new purchases sometic their new purchases sometic their new purchases sometic their new purchases sometic their new purchases. Sometic their new purchases sometic the new purchases sometic the new purchases sometic their new purchases sometic the new pu

The Americans had high hopes for their new purchases. Somehow things did not work out as they should have done.

"The potential of the acquisition schools of thought on what schools of thought on what it in the acquired company, governments and local authorities, the press, shareholders, customers and distributors. Generally, their communicational and personnel plans the school believes in quick and decining again," he said.

The executive is quoted in a new report called Making Acquisitions work: Lessons from Companies' Successes and Mistakes.

Published by Rusiness International, it is based on over 40 Interviews with executives in the acquired company, governments and local authorities, the press, shareholders, customers and distributors. Generally, their communication programmes include the following elements: a clear state-stronal and personnel plans the purchasing company has for its acquisition should be put into acquisition should be put i

into the purchasing organisation. As many as 40 per cent of the respondents believed that the acquired company should not be integrated to any substantial

degree.
The report says that, apart from cultural problems associated with integration, the standalone approach has other advan-

One is simplicity. The acquired management's responsibility for performance is not in doubt.

"The results can be measured and are not lost in the octopus ink of an integrated company." Arguments against the standalone strategy are that it offers

scale, and, in the end, few reasons for buying the company.

There are successful acquirers on both sides of this argument. the report notes. All of them agree, however, that, at the very least, the parent company's financial control system must be

installed. Whichever approach is adopted, acquisitions usually cquired company. This decision, staff. The report notes that any staff the report notes that any staff the report notes that a company's behaviour during the integration process will affect both the price and the difficulty encountered in future acquisi-tions. Word of the way a company acts gets around, especially in the same industry. Other entrepreneurs may feel diffident about selling to a company that tears with its teeth.

information is heightened by an acquisition," the report says.

A ceremonial visit by the chief Switzerland. Ser 550.

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Notice is hereby given that CRSDIT FON-CHER DE FRANCE will prepay at per on August 16th, 1958 oil the aforeasid notes ourstanding on such date. The notes will case to bear interest from August 16th, 1968. The holders of notes are therefore requested to present send aurrench their outse accompanied by all related coopers which the due after the redemption date at the office of any paying agent reterred to on the revenue of the principal of the rotes, interest due on August 16th, 1951 will terhamore be psychie upon presen-tation and surrander of the coupon in 16. The Fiscal Agent BANQUE NATIONALE DE PARIS (Lustembourg) S.A.

THE ROYAL BANK OF CANADA US\$300,000,000 Peering Res Debenture
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1888, the notes will beer interest at the
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on 9th September 1988 against coupon on 9th September 1988 against coupon 10 will be US\$20.125000 per US\$1,000 notified.

Agent Bank ORION ROYAL BANK LIMITED Holidays & Travel

### SCI/TECH Societé Amonyme ed Office: 2, bouleva 2953 Luxembourg

Singularities are hereby convened to the

ANNUAL GENERAL MEETING
of skaycholders of SCI/TECH S.A. to be held at the head office of Banque inner
Lanembourg, Societé Anonyme, 2, bushevard Royal, 2853 Lunembourg, on June 24, 1'
a.m. with the following aguada:
1. Reports of the Board of Directors and of the Statutory Auditor.
2. Approval of the Balance Sheet and of the Profit, and Lous attenuestes as at Marci
Appropriation of the profits.
2. Discharge of the Directors and of the Statutory Auditor.
3. Discharge of the Directors and of the Statutory Auditor.
4. Rezeipt of and action on nomination of the Directors and of the Statutory Auditor.
5. Miscellinecous.

A RECEIPT OF and action on nomention of the Directors and of the Spatistory Anditor.

The shareholders are advised that no quorum is required for the items of the agenda of the mound general meeting and that decisions will be taken at the sample majority of the shares streamed or represented at the sensing, or such to attend the meeting of June 24, 1968 the owners of beaver shares will have to deposit that shares five clear days before the meeting at the registered office of the Company or with the Banque Indexendent Angel 25. Lucashbourg 2. boulevand Royal 2535 Lucashbourg Bank Meets & Hope N.V.

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The interest rate for the six storth period commencing 8th June, 1965 has been based at 5½%, interest assounting to US\$631.46 per US\$630.000 Note will be due on the 8th December, 1966 against presentation of Goupon No.7 HAMBROS BANK LIMITED Reference Agent LEGER

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So from May 31st we'll be introducing the name of Rhône-Poulenc on all our products. What difference will it make? To our products, our personnel and our standards, none at all.

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EDUCATION SECRETARY DRAWS THE LINE ON A-LEVEL REFORM

# Proposals on 18-plus exam rejected

THE GOVERNMENT yesterday rejected the central recommenda-tion of an official committee on the reform of the A-level exami-nation which would have meant most pupils taking five subjects (instead of the present usual maximum of theo) at arm 18

maximum of three) at age 18.

The committee, chaired by Professor Gordon Higginson, vice-chancellor of Southampton University, recommended in its report published yesterday that the material covered by existing A-levels should be slimmed down so that its proposed broader sight so that its proposed broader sixth form syllabus could be intro-

The committee, which was appointed last year, said: "In the evidence presented to us from all sides of industry, commerce and education, there was overwhelming support for increased breadth in the programmes of A-level stu-

However, Mr Kenneth Baker, Education Secretary, told the House of Commons. "The Gov-House of Commons: "The Government endorses the general aim of broadening A-level students' programmes of study but does not accept the Committee's proposals for achieving that objective through a five-subject programme incorporating leaner A-level syllabuses."

The Higginson committee recommended that final year pupils would in future take a mixture of



of Baker: A levels to stay for the time being

between A-levels and the new GCSE exam (generally taken at age 16), and the proposed slimmed-down A-level. Five sub-

slimmed down A-level. Five subjects would be the norm and the brightest pupils would be free to take five of the new A-levels.

The committee argued that this reform would encourage many more pupils to take a mixture of arts and science subjects in the final year, although they would be still be free to choose entirely from one category. The committee also recommended a new type of AS subject, such as maths-for-humanities, designed to bridge the gap.

Department of Education and Science officials said the Government was concerned that Higginson's central recommendation would overload schools when they were already in the middle of wide-ranging reforms. Ministers are also apparently worried that it might have reduced standards.

The Government is putting its faith on the new AS examination as a means of broadening final year study. However, Professor Higginson's committee dismissed this suggestion, arguing that the brightest children would continue to study three A-levels unless the A-level was itself reformed.

Professor Higginson, who said

nnless the A-level was used reformed.

Professor Higginson, who said that the best students were not stretched in the sixth form at present, also argued that his proposals would enhance standards by encouraging students to take a wider range of subjects.

He believed employers and the educational world would be very disappointed by the Govern-

disappointed by the Government's rejection of the proposal. Britain's vice-chancellors, the Secondary Heads' Association and the Head Masters' Conference, representing the public schools, had all submitted evidence calling for reform.

The committee argued it was illogical to maintain narrowly specialised A-levels now that the 16-plus examination had been Image. The Inner London Rducation Authority and 10 Labour-controlled London boroughs have agreed a timetable for transferring to the boroughs the functions of the ILEA, which the Government intends to abolish in 1980. The boroughs' initial plans will be put out to public consultation in September.

Advancing A Levels. HMSO, E3.50.

# **Dole reforms 'caused dramatic**

surge' in London's homeless

A "SUDDEN and dramatic surge" in the numbers of homeless young people on the streets of London has resulted from social

andon has curity reforms important point's director, said that the numbers of homeless young people seeking lodging at the charity's night shelter in Soho, central London, had increased by 25 per cent since April. The increase was, he said, an "unintentional result of the changes."

The report describes a growing problem composed of homelessness, unemployment, petty loc crime, drug and alcohol abuse and prostitution. "The streets of some and prostitution." The streets of London are dangerous for these young people," he said.

The launch of the report was arrived by three London memorated by three London memor

Since April 11, young people London are dangerous for these claiming accommodation expenses have had to do so two weeks in arrears. Mr Hardwick supported by three London members and local authorities, lead-said that a personal survey of a bers of parliament from the main force on the homeless young.

number of bed and breakfast hoteliers in Central London convinced him that none would accept payment for their accommodation two weeks after stay hosen.

parties: Mr Simon Hughes (Liberal), Mr Clive Soley, (Labour) and Sir George Young (Conservative).

Centrepoint has called for three urgent reforms to alleviate

modation two weeks after stay to began.

Mr Hardwick was speaking at the launch of a survey of youth homelessness in London, done for Centrepoint by Birmingham University researchers.

Centrepoint has called for three urgent reforms to alleviate the worsening plight of the 50,000 16-19 year olds who are now without secure homes in the capital.

These are:

Payment

ings

• Greater care by local authorities for teenagers no longer in local authority care, and who find it hard to fend for them-selves

• Much better co-ordination



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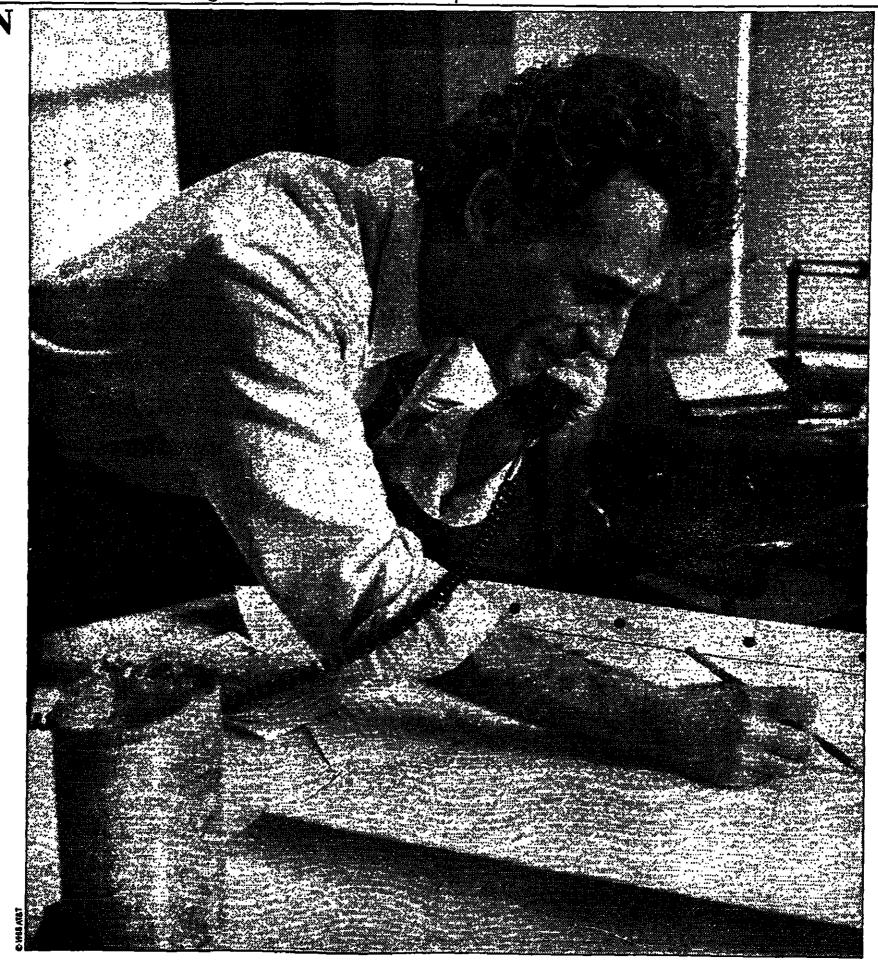
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# **OILING THE** WHEELS IN HOUSTON.

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"Amazed!"

"So were we. When are you back?"

"Tomorrow. First flight out. Hey, is the old man happy?"

**"W**hat do you think?"

"He must have begun to have his doubts about me."

"Who wouldn't after six dry holes!" I knew it was there. But I want to hear it from you. It's pumping how many barrels a day?"

The rest of this conversation is strictly confidential.

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### Maxwell leads joint satellite TV consortium

MAXWELL COMMUNICATIONS British Telecom and WH Smith have decided to market satellite television jointly, a move intended to give them an advantage over their main rivals, Mr Rupert Murdoch's News Interna-tional and British Satellite Broad-

As a result of the decision, the Maxwell consortium will, from next year, will be offering viewers a package of six TV channels. This compares with up to four channels from Mr Murdoch and three from NEW three from BSB.

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Levela Higg 💰

The Maxwell consortium said it was planning to broadcast in D-Mac, the new high-quality European braodcasting standard.

BSB, one of whose major sharethe Financial Times, will also be transmitting in D-Mac. News International, however, is expected to announce today that it will be transmitting in PAL, an older and less sophisticated standard.

One consequence of the different standards will be that "Murdoch's viewers will not be able to receive our signals, but our view-ers will be able to receive Murdoch's signals," said Mr Francis Baron, managing director of WH Smith Television.

"The punter is going to want equipment that is going to receive the maximum number of channels, not the minimum num-

Against this, however, technolnot be ready until the middle of next year and it seems likely that News International will be transmitting its channels direct to peo-ple's homes at least six months before its rivals.

unions, the EETPU warned that it expected to join other non-TUC News International is expected to confirm today that it has already reserved space for this purpose on the Astra satellite, trade union centre.

Most of this month's issue of which will be launched in the KETPU journal, Contact, is devoted to leadership calls for members to vote for the move in November. It refused, however, to make any comment yesterday.

The joint marketing agreement covers six UK TV channels, which are presently distributed mainly via cable TV: the Premier film and Home Video channels, both jointly owned by Maxwell Communications and BT, MTV, in which Maxwell Communica-tions is a shareholder, Children's channel, owned by BT; and Screensport and Lifestyle, owned

# Gibraltar acts to protect BCI funds | Daily Mail

the £130m that clients invested in Barlow Clowes International, the Gibraltar associate of Barlow Clowes Gilt Managers, the investment company currently being wound up by the UK regulatory management fees from his clients.

fears that a third of the money may not be recoverable easily, if at all. BCI attracted about 11,000 clients mainly from the UK. Mr Peter Clowes, who set up

the Barlow Clowes operations in 1973, yesterday resigned as chair-man and chief executive of James Ferguson Holdings, the Stock Exchange listed parent of both Barlow Clowes companies. This. he said, would allow him to con-centrate on assisting the two accountancy firms, Cork Gully and Ernst & Whinney, which will be acting as the special managers and liquidators of the UK and Gibraltar companies respectively.

Mr Clowes has abandoned his earlier commitment to challenge in the courts the winding-up petition presented 12 days ago by the Securities and Investments Board, the chief City regulatory

the TUC and its main general

unions to form a breakaway

the secret postal ballot, which is due to start on June 19th, to be

completed by mid-July.

The ballot was called after the

union refused to follow TUC instructions to drop two single-

The TUC general council is expected to take disciplinary

action later this month against the union over the issue, which is likely to lead to its expulsion.

union, strike free agreements

**Electricians launch** 

moves to quit TUC

BY CHARLES LEADBEATER, LABOUR CORRESPONDENT

a split in the union movement. far-reaching indust in an unprecedented attack on cal consequences.

THE EETPU electricians' union The electricians' departure

vesterday launched its campaign from the TUC would be the big-

authorities. ents' fund without telling them.
The Gibraltar move came amid and of several breaches of his firms' contracts with their cli-

> In spite of the high fees - 1.5 per cent of assets per year - the SIB found that the firm's annual operating expenses of £1.4m to £1.5m were more than £1m greater than its income. However it found that, according to the management accounts, the shortfall was made up by a film payment whose nature and source, according to the SIB court docu-

ments, were "not certain".

One of the most serious allegations is that the promotional literature and the application forms for Barlow Clowes' Gibraltar-based "portfolio 68" say: "Abso-lute security is provided because your portfolio will always be in a British Government Stock or on deposit with a Bank, Local Authority or other Corporation."

Mr Clowes admitted on Mon-

far-reaching industrial and politi-

strike-free agreements, freely

A GIBRALTAR court yesterday ous allegations of malpractice this form with the remaining within two or three months, with appointed a provisional liquida made against him by the SIB in the first provisional liquida made against him by the SIB in the first period to its UK court application for wind the first period to identify.

The first period to identify.

refused to identify.

Mr Stanley Wright, the new
James Ferguson chairman, said
yesterday his company had initiated on Monday the appointment of a provisional liquidator in Gib-

Several insurance brokers and other financial advisers which invested their clients' money with Barlow Clowes face a knock-on threat of insolvency because of claims against them for negligence. Two firms alone are known to have placed more than \$50m of clients' money in the Gibraltar fund and \$24m inthe UK fund. Many of the firms' professional indemnity policies do not cover money invested

icies do not cover money invested with Barlow Clowes.

Meanwhile Mr Michael Jordan of Cork Gully, the special manager of the UK company, said yesterday that on the basis of the evidence so far available any shortfall of assets in the UK fund

251.5m on May 23 compared with possible claims by investors of up body.

day to a meeting of financial plications, he said, the assets recently. Mr

He now faces the possibility of
advisers that only two-thirds of could be returned to between 80 consistently of
fraud charges in view of the serihis clients' £130m was held in and 90 per cent of investors of the funds.

the liquidator's and other professional fees and, more important, because of further claims against the fund. These may arise if the Inland Revenue finds that the fund has failed to administer in a technically correct fashion its complex gilt trading tax avoid-

tors in the Gibraltar fund. Suspicions remain that the assets of the two funds may have been mingled and that money may have been extracted from the Gibraltar clients to pay the UK ones.

ance scheme, or from the inves-

In particular, between £7m and fildm of the UK fund was diverted, possibly illegally, to Geneva in about 1986 but returned with a surplus in January, two months after Department of Trade and Industry inspectors launched their inquiry into the firm. The failure of the firm's auditors at the time, Spicer was likely to be small.

The market value of the fund's gilt portfolio and its cash was documents.

The money of investors in the Gibraliar fund was also passed to £52.9m. If there were no com-through Geneva, at least until plications, he said, the assets recently. Mr Clowes however has could be returned to between 80 consistently denied any mingling

# Review urges radical changes to civil law

court procedure for civil cases current 25,000 financial limit on were urged yesterday the Civil the county courts' powers and Justice Review, set up three restricting the High Court to years ago by the Lord Chancellor "substantial, important and com-Lord MacKay to tackle the cost plex" cases. The Bar estimates and delay of English civil litigation of the High Court by 70 nm work to persuade its 320,000 members gest split in union history. The to vote in effect to leave the creation of an alternative trade Trades Union Congress, creating union centre could have

The electricians' attack, which virtually rules out any hopes of conciliation, leaves the TUC increasingly beleaguesed. An editorial on the EETPU journal's front page says: "Our union can no longer ignore the mixture of stupidity, cowardice aim would be to speed the dis-posal of civil litigation by reduc-ing the number of cases needing to go to the High Court.

The Review also calls for law-court. and malevolence that underlies attempts to penalise us and especially to wreck single-union, yers to advertise their charges

negotiated by our members." A proposed common union code covering these agreements would virtually outlaw them by TUC diktat, the editorial argues. The union will face considerable difficulties outside the TUC, cases, many of which could as The review also envisages a well be handled by the cheaper new set of rules covering layand quicker county court. The wers' conduct

RADICAL changes in English review suggests removing the court procedure for civil cases current £5,000 financial limit on

of the High Court by 70 per cent. The wide-ranging review, published yesterday, also proposed changes in the jurisdictional limits under which cases can be which received a cautious wel-The idea of forming the two courts into a single civil court was rejected. Instead the review, heard in the county courts. The come from the profession, pro-

A big shift of cases to the more widely so that litigants can county courts would mean a make a reasonable choice major reorganisation of court between competitors in an open administration, which, while market for legal services.

The High Court is currently money, would result in minimal heavily congested with a mass of changes in staffing.

own shares.

with a Treaty of Rome article giving residents of one EC state the right to establish themselves in another.

The case precedes fresh efforts by the European Com-

# trust wins support in tax fight

By William Dawkins and Raymond Hughes

DAILY MAIL and General Trust, an investment company with a substantial holding in Associated Newspapers, publishers of the Daily Mail, has won heavily qualified support in the European Court of Jus-tice in its four-year tussle with the UK Treasury over its plan to move its headquarters to the Netherlands to avoid tax.
Advocate General Marco

Darmon said yesterday that companies should have the right to move their controlling management anywhere in the EC without first getting their governments' consent.

However, governments should be allowed to require companies to pay tax on accrued gains before migrating, in effect echoing Mr Nigel Law-son, Chancellor of the Exchequer, in his Budget speech in March, when he abolished the requirement for UK companies to seek Treasury consent for a move abroad. The removal of the consent

requirement means that the case is no longer significant for other UK investment compa-nies thinking of migrating to avoid tax. It is, however, regarded as having a bearing on the ability of companies in other EC countries to move about the Community for tax or other commercial reasons.

Mr Darmon was giving the court his opinion on the chal-lenge by Daily Mail and General Trust to the Treasury's refusal of consent to the company's proposal to move its tax base to the Netherlands to avoid a £24.8m (\$45m) UK tax liability on disposals of investments and the repurchase of its

The court will give its judgment later this year.

The case was referred to the Luxembourg court in February last year for a preliminary rul-ing on the compatability of British legislation requiring Treasury consent before companies could leave the UK,

mission to make it easier for companies to incorporate in other member states.



# World's first flying newspaper takes off THE FINANCIAL TIMES launched the world's biggest newspaper yesterday, a 100 feet said yesterday that the FT had high hot air balloon sheped like a giant rolled up FT, writes Lynton McLain. McLain.

Mr Per Lindstrand, broke the cation.
world hot air balloon altitude
record in the US by reaching
ahead 59,700 ft (about 18,200 metres). Mr Lindstrand also designed the Virgin Atlantic Flyer, the world's biggest hot air balloon, in which he flew the Atlantic with Mr Richard Branson last year,

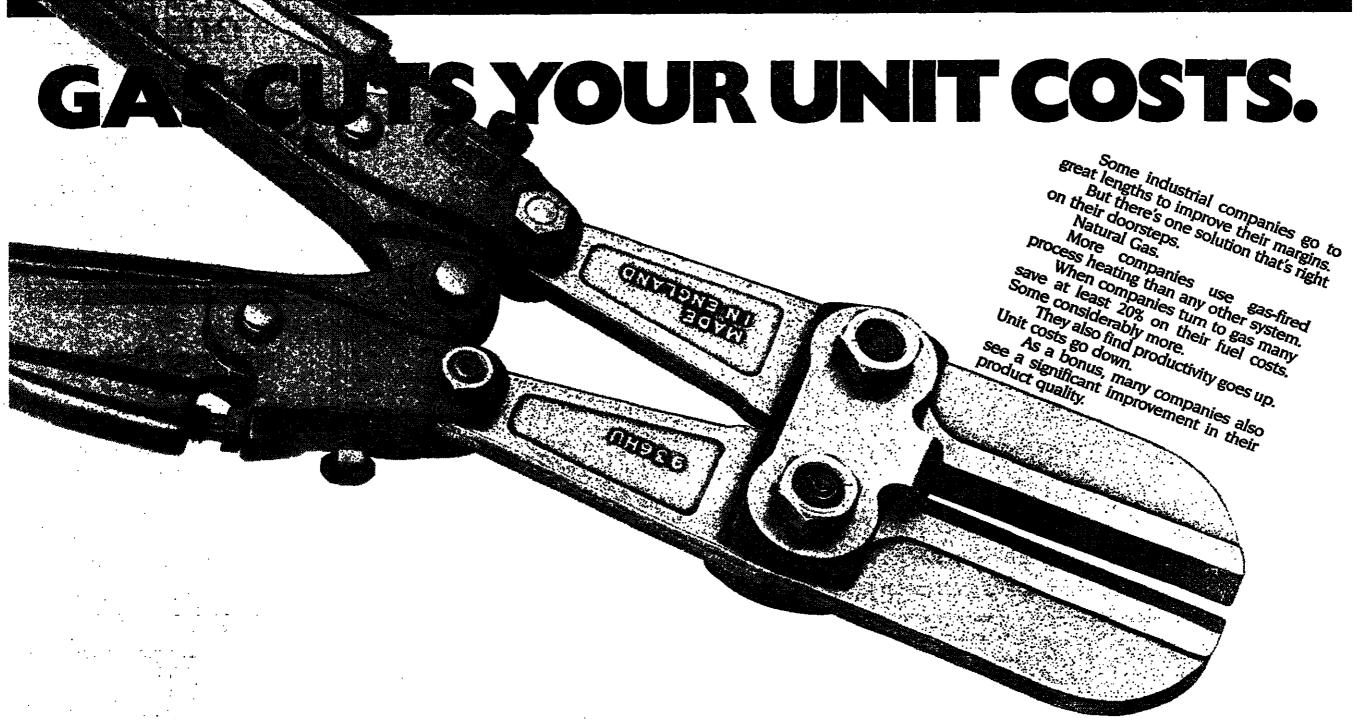
the first time the Atlantic had been crossed in a hot air balloon. The FT pink balloon, the only one in the world shaped like a newspaper, is a Financial Times with enormous headlines and sto-

It will fly free for the first time this weekend at the Leeds Castle halloon festival, starting on Fri-day, near Maidstone in Kent.

highly visible manner to reflect The balloon was launched in the newspaper's mood on moving London the day after its designer, into its second 100 years of publi-

> "We believe that, to stay ahead, we must constantly be looking for new ways of marketing the paper and promoting its image as a world leader. Our hot air balloon, like the FT itself, is one of a kind and fulfils that role perfectly".

> The FT balloon cost £30,000 and took its designers, engineers and a specially recruited army of artists more than four months to complete. A dozen people worked around the clock in the last month painting by hand the 25,000 letters of text that make up the front page of the world's big-gest and only flying newspaper.



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NOTICE IS HEREBY GIVEN that, pursuant to the provisions of Section 6 of the Hacel and Psying Agency Agreement, dated as of January 1, 1983, among General Electric Credit International N.V., General Sectric Capital Corporation, as Guarantos, and The Chase Manhattan Bank (National Association), as Fiscal and Paying Agent, and persgraph 6(a) of the Terms and Conditions of the above-mentioned Notes (the "Notes"), all of the Notes will be redeemed on July 1, 1988 (the "Redemption Date") at the price of 190, 17% of their principal amount (the "Redemption Price"). Interest due on July 1, 1988 on both bearer and registered Notes will be paid in the usual mariner, interest on the Notes shall cause to accrue from and after the Redemption Date.

Payment of the Redemption Price will be made upon presentation and surrender of the Notes, logether (in the case of bearer Notes) with all appurtment coupons meturing subsequent to the Redemption Date, at any of the paying agencies tisted below. In the event any such unmatured coupons fail to be presented, the amount of the missing coupons will be deducted from the Redemption Price.

Coupons which shall have matured on or prior to the Redemption Date should be detached, presented an surrendered for payment in the usual manner. Payment on any Note made within the United States, including by transfer to a United States dollar account maintained by the payee with a bank in the City of New York, may be subject to reporting to the United State Internal Revenue Service (IRS) and to backup withholding of 20% of the gross proceeds (including premium and accrued interest) if the payee fails to provide the paying agent with an executed IRS Form W-8 in the case of a non-U.S. person or an executed IRS Form W-9 in the case of a U.S. person. No such backup withholding will be required in the case of presentation of bearer Notes for redemption with a paying agent outside of Net York, New York, it payment is made outside the United States. Information reporting to the IRS will only b required upon such payment made outside the United States. In made to U.S. persons in certain circumstances Those U.S. holders who are required to provide their correct taxpayer identification number on IRS Form W-and who fail to do so may also be subject to an IRS penalty of U.S. \$50. Accordingly, please provide any appropriate Certification when presenting the Notes for payment.

### Police call for internment Soft drink market in on both sides of Irish border

BY OUR BELFAST CORRESPONDENT

BY THE END of 1988, consumers in Britain will spend about £3bn (5.4bn) on drinking almost 7bn litres of soft drinks, according to a report published yesterday by Britvic Corona, one of the major terrorists from the community. under He told the 120 delegates, repreview. UK soft drinks manufacturers.

At a time when the coffee market is static and consumption of tea is declining, soft drinks sales in the UK are showing annual growth of between 5 per cent and

**Britain** 

By Lisa Wood

worth £3bn

tion to more than 12m litres by the end of the century.

Carbonates - including colas - account for 49.3 per cent of

Britvic Corona, which is owned by brewers Bass, Whithread and Allied, along with Pepsi Cola, the US drinks group, expects increased availability of soft drinks, boosted this year by the introduction of more flexible licensing laws in England and Wales, will push total consumption to more than 12m litres by

of internment on both sides of the Irish border.

Addressing the Federation's annual conference in County had made it clear after the Ennishment without trial would help divorce detention was a measure kept the constraint of the question of the question of the function of the function of the question under constant government He added, "We shall continue

resenting around 12,000 Royal

Ulster Constabulary officers up to work unremittingly to achieve to the rank of chief inspector, the situation when the chairman that a Royal Commission should of this Federation can say in his be appointed to determine the annual review that not one of the control of the co role of the RUC.

The audience included Mr John or has been injured in the past stanley, the junior minister year through terrorism."

man of the Police Federation for Northern Ireland, who later Nothern Ireland, who later Nothern Ireland, yesterday called refused to give any firm committent of intermed to both sides of ment.

Mr Wright said the use of reliable intelligence would avoid the pittalls which interment experience intermed on both sides of ment. this jurisdiction it would have to be applied to the hard men on both sides of the community who imperil life and property."

"It would also have to be introduced on both sides of the border so that there would be no resting place for displaced fugitives."

Mr Wright said internment over a period might buy time and create the conditions for a politi-cal settlement and he said it was imperative that the security forces won the battle to defeat terrorism.

### Commercial vehicle sales surge

record level last year of more cial vehicle registrations in than 312,000 units.

COMMERCIAL vehicle sales in strike in February which closed the UK jumped in May by 22.37 all Ford's UK plants and which per cent, accelerating further the beined to cause a temporary drop boom which took sales to a of nearly 10 per cent in commer-

In the truck market above 3. tonnes, Leyland DAF, the UK subsidiary of DAF of the Nether-lands in which Rover Group

lands in which Rover Group holds a 40 per cent stake, is still lagging behind Iveco-Ford, the market leader last year, although it outpaced its arch rival in May. For the first five months Iveco-Ford took 24.4 per cent of the market with unit sales of 6.815 vehicles compared with the 22.3 per cent share held by Leyland. per cent share held by Leyland DAF with sales of 6,224 units.

### Motorola to design chips in Scotland

MOTOROLA, the US electronics group, is to open a centre for the design of semiconductors at its manufacturing plant at East Kilbride near Glasgow in Scotland.

The setting up of the design centre, to be in operation before the end of the year, means that the Scottish semiconductor plant will become a fully integrated

responsible for the design of com-plex integrated circuits in the automotive, consumer and tele-communications markets. The chips will meet standard product requirements rather than serve as application-specific (Asic) chips, which are integrated circuits tailored to customers'

Motorola is investing £40m (\$72m) in a facility at East Kil-bride to make one-megabit chips times the power of the present generation of memory chips.

The facility, allied to the design centre, means that Moto-rola will by the end of this year have fulfilled the commitments it

gave difficult the continuous of the company employs more than 1,800 people at East Kilbride and the design centre will employ 30 engineers.

Motorola's principal integrated circuit design centre is at Geneva in Switzerland. Other European ants are being equipped with

design centres.

Mr Ian Lang, Scottish Office
Industry Minister, sald that Motorola's decision was a sign that the Scottish electronics industry, which employs 43,000 people, had

### Mitsubishi buys secret cure for **baldness** By Peter Marsh

JAPAN, long renowned for its JAPAN, long renowned for its mastery in turning Western inventiveness into big selling products, is attempting some-thing similar with an 86-year-old British recipe for bair-re-

old British recipe for pair-re-storing cream.

The Japanese tie-up prom-ises not only to change the lives of balding Japanese males. It should also provide a cash bonanza for Dorothy Gleave Ltd., a five-strong com-peny in Chtheroe, Lancashire, which makes the cream out of a secret concoction based on a secret concoction based on

rum and rosemary.
Mrs Dorothy Gleave, the Mrs Dorothy Gleave, the company's 60-year-old managing director, has concluded a deal with Misubishi Corporation, the Japanese trading company, under which the ointment will be made in Japan under licence and sold throughout the Far East.

Mrs Gleave, who entered the Mrs Gleave, who entered the hair restoring business seven years ago after giving up her

years ago anter giving up her job as a polytechnic lecturer, said yesterday she had high hopes that as a result of the deal, millions of 2-oz jars of the cream would be sold a

Under the agreement, Mrs Gleave has already received a lump sum of about \$90,000 for handing over the recipe to Japan. She will further receive

Japan. She will further receive a royalty payment of roughly 80 US cents for every jar of product sold in the Far East.

As a result of the agreement, the cream, which derives from a recipe invented by Mrs Gleave's grandmother, will be made in Japan by an unnamed chemicals company. Mitsubishi is acting as Mrs Gleave's agent in transferring details of the manufacturing technology to this company, which hopes to this company, which hopes to have the product on the market by the end of the year. At present Mrs Gleave's company makes the ointment at the rate of about 7,000 jars a week. These contain a mixture of six ingredients - details of which Mrs Gleave wants to keep secret for commercial reasons — and are sold by mail order for about \$23 each. Most of the sales are in the UK.

West Germany, Australia, Nor-way and Iceland. Mrs Gleave started out making the cream in her kitchen before moving to a small fac-

tory unit. According to Mr Ian White, a pharmaceutical industry analyst at Kleinwort Grieveson, a London stockbroker, anti-baidness remedies add up to an area of big potential

He said that of the do hair restoring lotions now on sale, only relatively few work as advertised. The only bigselling product in this area at present is Rogaine, a prescrip-tion drug made by Upjohn of shot up recently and could reach some \$540m a year in the 1990s, according to esti-

Mrs Gleave said that already the Japanese appeared to have improved on her product, in the version of the lotion due to go on sale in the Far Rast. "My version of the cream is a bit greasy but they seem to have found a way of straining out some of the rosemary and naking it smoother," she said.

# **Interest Rates**

Grindlays Bank plc announces that its base rate for lending has changed from 8% to 8.5% with effect from 7 June 1988.

Grindlays Bank plc

Head Office: Minerva House, Montague Close, London SE1 90H.



sales with squashes commanding 36.1 per cent, fruit juices 12.7 per than 312,000 units.

In the first five months of the year, new commercial vehicle registrations were 10.44 per cent higher than a year earlier at 146,198 units. In May alone, sales rose to 29,102 from 23,590 in the first five months from 37 per cent and the process of the contract of the the first five months from 37 per cent and the process of the contract of the cent, water 1.7 per cent and non alcoholic 0.2 per cent. GENERAL ELECTRIC CREDIT INTERNATIONAL N.V. By: THE CHASE MANHATTAN BANK The British soft drinks indus try has seen a rationalisation in the past two years with the emergence of two players, Britvic Corona and Coca-Cola & same month a year ago.

The market has rebounded alone imports were marginally strongly from the two-week lower than a year ago at 38.22 per Dated: June 1, 1988 Schweppes Beverages.

### It's quite an occasion for us.

Exactly 100 years ago we opened our first oil storage terminal, at Purfleet on the Thames.

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YOU THE SPEAR AND

TO WOLF WHISTLE.

YOU TEACH ME HOW

### City Hall challenge

WESTMINSTER City Council, which is responsible for public services in much of central London, is installing what is claimed to be one of the most advanced local authority information net

works in Europe.

The main spine of the network will go down the centre of the 20-story City Hall building and there will be a ring running round each floor. The work is taking place during refurbishment of the headquarters.

Eric Tombs, Westminster's information technology manager, says that about 900 workstations and computer terminals will be linked up by next spring. They will be able to communicate both with each other and the council's

main IBM computers.
"Tried and tested" communicathe form of an Ethernet local area network, supplied by Unger-mann-Bass at a cost of \$700,000. Tombs says that IBM's Token Ring was rejected parily because the wiring would have taken up too much room and partly because the technology had not proved itself in operation. Although many large compa-nies run similar Ethernets, the Westminster project presented a particular challenge because the council owns so many brands of hardware – McDonnell Douglas,

DEC, Honeywell and Xios, as well as 460 assorted personal computers and IBM mainframes. Once all those machines can talk to one another, council departments will be able to communicate far more efficiently than they do at present, relying on paper or telephone calls. And that should improve the service they give to the public.

### Japanese advance for **UK** consultants

C. ITOH, the leading Japanese trading house, is to represent Sci-entific Generics (SG), a British research and development con-

sulting group, in Japan.
SG, established by Professor
Gordon Edge in 1986, advises
industrial companies on new
technology strategies. Edge, formerly chief executive of PA Technology, said British research had

a good reputation in Japan. Yaichi Sato, general manage of C. Itoh's new technology department, said the approach of strategy-based inno-vation could help Japanese com-panies to find applications for their research.

# Swapping ideas can make a little money go a long way

Clive Cookson reports on an EC programme designed to facilitate technology transfer

"WE ARE trying to establish an entirely new profession in Europe," says Robin Miege, manager of the European Community's Strategic Programme for Innovation and Technology Transfer, known as Sprint.

He wants to create a network of pro-fessional technology transfer agents. Of course, this sort of exchange has been going on since the first stone age tribes bartered flint implements, and it continually takes place in the modern industrial world. But, until recently, few people have made a living as inde-pendent agents transfering technology from one laboratory or company to

The EC launched Sprint as an experimental-programme in 1983. The theory was that small and medium-sized companies needed help to find partners in other countries with which they could exchange technology. After running for five years on a fairly modest scale the current budget is only Ecu4.3m (£2.8m) a year – staff are now drawing up plans for a much larger programme

to start in 1989.

Michel Carpentier, who runs the EC directorate responsible for technology, says the first priority must be to stimu-late the exchange of ideas inside Europe, rather than with Japan or the

Sprint supports 60 technology trans fer "networks" involving a total of 170 agencies, public and private, appointed to stimulate direct technological co-operation between their clients. A typical network has three or four members in different EC countries. About two thirds of these intermediaries are in the public sector; they include regional development agencies, chambers of commerce and industry, local authori-

vate companies specialising in technology transfer, the heart of the new "profession" being established by Sprint. John Emanuel is an example. His London-based company, Pax Technology Transfer, has only half a dozen employ-ees but it is part of an international network with 70 associates Emanuel says Sprint funding, amounting to only a few thousand pounds a year, has multiplied the amount of work Pax has been able to do with its European partners. "We have four or five quite significant pro-jects going on at the moment, exchanging new technology between the UK, West Germany, France, Italy and Ireland. For example, there is a 22m project with one company outside Pisa and another near Sheffield making mineral washing equipment, without Sprint that would never have hap-

As chairman of the Institute of International Licensing Practitioners, Eman-uel knows the field well and he says "there are probably 10 or 12 other lively technology transfer groups in the UK and, as far as I know, all of them are quite small." Because this form of consultancy is "still a cottage industry," modest funding can be very effective. Recently the EC brought together all

in Luxembourg. Not surprisingly, most seemed to feel that Sprint was helping to stimulate industrial innovation in Europe and was worth expanding, though there were inevitably complaints about the slow pace of EC bureaucracy. "Sprint must become more efficient," said Claude le Jeune of Metaconsult in France. "Our payments are six months late, and it is really annoying to spend more time waiting to be paid than you spend working on

One of the most respected participants from the public sector is Austin Reilly, who is in charge of technology transfer at the Scottish Development Agency. The SDA not only brings over-seas investment to Scotland but also helps indigenous Scottish companies to expand by licensing their technology abroad. We have had a number of successes through Sprint," Reilly says.
"We're working with organisations in Denmark, West Germany and France.

great mistake to use Sprint money to excite large number of companies about technology transfer without very careful prior screening. The whole business of technology transfer will be sterile at best, and highly dangerous at worst, unless the companies are screened to ensure that only the ones with the right management are involved."

Reilly says public sector bodies, such as regional development agencies, as regional neverther agencies, should do the initial screening. They can then pass suitable companies on to technology transfer specialists in the private sector for more detailed advice. At the moment, the UK has few technology transfer consultants and the private sector is even less well develop in other EC countries. Miège points to

· Although the market is potentially large, it is not developed yet because smaller firms are very unwilling to pay for expert advice.

· Because this is a new profession with no formal qualifications, there are a number of incompetent people in the

trade who do more harm than good. When a manager has a bad experience with an adviser, he will never want

with an adviser, he will never want that sort of advice again."

Miège says the experience of Sprint is enabling him and his colleagues in Luxembourg to sort the "good" from the "had". "We're now so used to sorting out proposals that we can say from the start who is phoney and who is not with a So are cent change of being. with an 80 per cent chance of being right." The process may eventually lead to an official certification procedure for professional technology transfer agents. Sprint can now afford to take a highly selective attitude to applications for trading. To any first call for approximation. for funding. "In our first call for proposals we accepted one project in three," Miege says. "Under the most recent call for proposals we accepted one in 10."

As part of its professional development drive, Sprint has set up a European association of technology transfer specialists, known as TII (Technology, Innovation, Information). According to a TII estimate, the EC has fewer than 5,000 individuals specialising in the technological development of compa-nies, whereas 30,000 would be needed to

provide an adequate service to all small and medium-sized enterprises. Another Sprint initiative to promote technology exchange has been to link together industrial research associations in 10 traditional industries. For example, the shoe research associations analysed all the CAD (computer-aided design) systems available to footwear manufacturers and came up with a list

of best buys. Over the next five years, the expanded Sprint programme is expected to concentrate more resources on dissemi-nating available technology throughout traditional industries. At the other extreme, EC staff also hope to tackle extreme, EU stail also nope to tackle one of the most difficult problems in technology transfer; how to finance the very first stages of immovation. They want to find a reliable way of channeling "pre-seed money" to small companies or individual inventors who could not otherwise afford even to make a not otherwise afford even to make a pre-production prototype.

### Harvesting the whole crop By Geoffrey Charlish

MOORFIELD Manufacturing of Kilmarnock, Scotland, plans to produce a tractor-mounted whole crop" cereal harvesting machine. It will do so under licence from British Technology Group, a self-financing UK public body which has looked after patent protection and commercial

exploitation for Moorfield. The machine has been devel oped by the Institute for Engineering Research at Silsoe, Bed-fordshire, under the sponsorship of the UK Government, it should prove attractive in countries where wheat is a major crop and finely broken straw is highly valued as animal feed. Target mar-ket areas include North Africa, the Middle East and India.

The cut crop is conveyed by an auger (screw feed) system to a series of rotors which thresh and separate the grain and break the stalks against curved surfaces as they move through the machine. Grain and broken straw are either collected in bags or the latter can be blown into a trailer. The straw can also be returned to

the ground.

Moorfield plans initially to make six pre-production machines which will be used for field trials in Jordan this year. The company can be contacted on 0563 22171.

### Purpose-made components

FIBRE-REINFORCED metal components, close to their final shape and with selectable characteristics, can be made with machinery developed by Cray Advanced Materials of Yeovil in the UK.

The equipment can combine metal and fibre to produce parts with dimensions of up to two metres, in simple or complex shapes. Components can be designed with various properties, such as sheer strength or fracture toughness. Parts suitable for manufacture in this way include engine pistons, marine propellers, missile fins and gun barrels. The reinforcing fibre pre-forms are infiltrated with liquid metal

under pressure in enclosed dies. The alloys can be based on aluminium, magnesium, lead, zinc or copper.

Reinforcing materials can range from fine steel wire to a variety of ceramic fibres. Costs for volume output are claimed to

be highly competitive. Cray plans to license the technology world-wide. It can be contacted on UK, 9835 22155.

### But Reilly warns that Sprint could be 170 Sprint contractors for a conference A symbiotic relationship grows out of the intelligent greenhouse

THE PROJECT started a year ago with a technology transfer meeting organ-ised by Arist, the regional science and technology information agency for Aquitaine in France. Fourteen technology transfer agents, including mem-bers of Arist's Sprint-funded European network, and 31 local firms took part. One of the agents, José Maria Zabala of Navarra in Spain, had a client company in Pamplona, called Danasa, which was looking for a French part-

ties and universities.

The remaining third are small priner to help develop a computerised enhouse control system, which it greenhouse control system, which it had designed. The system measures conditions outside the greenhouse (temperature, humidity, sunshine and wind speed) and inside (temperature

and humidity in the air and soll). Com-puters then adjust the heating, ventila-tion and sprinkling devices. Danasa had failed in a previous

attempt to market the system outside Spain through a representative and now wanted "a real partner", which could not only provide local commercial know-how but also solve the tech-nical problems that would inevitably arise when the system was installed in

Zahela put Danasa in touch with a small mechanical engineering com-pany in Aquitaine, called Sendb-Sou-dage, which wanted to diversify. Sem-ib-Soudage quickly carried out a market survey and concluded that the

intelligent greenhouse could be a profitable new product.

In October the two companies signed an agreement to pool their expertise.

Danasa remains responsible for the computer controls and will continue to market the system in Spain. Semib-Sondage contributes its engineering know-how and French marketing skills. It feeds back its experience to Danasa so that the Spanish company

can improve the system.

Semih-Soudage is already building a pilot plant near Bordeaux with four horticultural greenhouses covering 5,000 square metres. A huge installa-tion, covering of 25 hectures, has been proposed near Marmande,



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ANITE STATES 

### **APPOINTMENTS**

James G. Andress

becomes company secretary.

### **Beecham Pharmaceuticals** to have new chairman

The BEECHAM GROUP has with The Economist, and author appointed Mr James G. Andress of books on the City and ecoas chairman of Beecham Pharmaceuticals from July 18. He will be appointed to the main board in appointed to the main board in September. His appointment follows Mr James Pollard's decision to relinquish his executive post as chairman of Beecham Pharmaceuticals. Mr Andress is president and chief operating officer of Sterling Drug, New York.

EXCESS INSURÂNCE GROUP has promoted Mr Alan Spencer to director of outwards reinsurance.

CROWN HOUSE ENGINEERING has appointed Mr Michael Hall as associate director responsible for management support services. He joins from the Heating and Ventilating Contractors' Association where he was head of the legal and commercial department. Mr Roger Millington has been appointed an associate director of Crown House Energy, a subsidlary. He will be responsible for operations and development, and oins from Emstar, the Shell Uk contract energy management company, where he was regional manager for the North of England.

PROLIFIC GROUP, a newly-formed holding company which controls the unit trust, life assurance and pensions and investment management businesses recently demerged from the Provincial Group, has appointed a non-executive directors. Ms tor of ABBEYCREST. He is a

on books on the City and eco-nomic policy, Mr David Somer-set, chief cashier and chief of the banking department of the Bank of England; and Mr Peter Shirley who retired last year as a senior partner with Herbert Smith.

PARAGON COMMUNICATIONS has appointed Mr Antony Winnington as managing director of Paragon Financial. He was direc-tor in charge of the financial division of Royle Communications.

Sir Graham Wilkinson, manag-ing director of SEIC Services (UK), has become a non-executive director of HALKIN SECURI-TIES. Mr Alan A. Hobday has been appointed financial director and company secretary. He was financial director of The Lee Beesley Group.

Mr S.A. Mold has been appointed director general of the London-based ISLAMIC WORLD BUSI-NESS FORUM. He is a former Pakistan Ambassador.

Mr John Bonney has been appointed technical director at HENLEY BUSINESS SOFT-WARE, and Mr Trevor Hughes becomes software engineering manager. Both were with Lotus Development Corporation, Wind-

Frances Cairneross, a journalist non-executive director of Blue

# City economist returns to Coopers & Lybrand

topher was an executive member and its subsidiary Fox Hughes of British Telecom's management board, which he joined in 1986. Prior to that he was a director of insurance broker, Babet Corpora-Coopers & Lybrand for eight years, latterly as public sector practice leader. He is chairman of NEDO construction industry sector group, and a member of the London Docklands Development London Docklands Development Cornoration.

Lord Armstrong of Huminster has director of INCHCAPE from July 1. Lord Armstrong, who is also to become chairman of the Trustees of the Victoria and Albert Coopers & Lybrand for eight tion.

Arrow (UK), and Hoggett Bowers. Mr Geoffrey King, secretary of He was chairman of Hoggett the Mid Southern Water Company, has been elected chairman and senior vice president of the Mr John Lloyd has been CHARTERED INSTITUTE OF

company, becomes managing director on July 1.

tors: Mr George Doughty, Mr Bernard de Haldevang, Mr Andrew Miller and Mr Paul Tor-rington. Mr Raymond Liu

BABETS has appointed Mr John will work closely with the com-P. Babet as chairman; Mr Mich-ael D. Eagles as managing directors of retail property COMMERCE for 1983/89.

Sir Christopher Foster has tor, and Mr Trevor M. Gabriel as returned to COOPERS & finance director. The company LYBRAND as a director leading has been formed from Lloyd's the economics practice. Sir Christopher Carroll Radford Holder

of the Victoria and Albert Museum in July, retired as Secre-tary of the Cabinet and head of the Home Civil Service last year.

mr John Lloyd has been appointed a deputy secretary in the WELSH OFFICE. He will succeed Mr Ivor Lightman, who retires in September, and will have responsibility for social policy issues, including health and education, and additionally transport and highways.

CHARTERED INSTITUTE of appointed BRITISH RAILWAYS BOARD's national road transport manager. He joined BR in 1985 became a policy adviser with the board's policy unit. BR's road transport organisation, and additionally transport and highways. Mr Geoffrey Clarke has been appointed BRITISH RAILWAYS BOARD's national road transport

Client executive with FRANK FALCON INDUSTRIES has RUSSELL COMPANY, a subsider appointed Mr John Handel as a syndications and asset sales company, becomes managing financial controller. The banking division of KLEIN-WORT BENSON has established a syndications and asset sales department. Mr Ian Peacock will

director, professional services, he



Mr Roy C. Smith has been appointed a non-executive director of the TOOTAL GROUP. He is a limited partner of Goldman Sachs & Co., and a professor of finance at New York University.

from site assembly and pre-devel opment advice, to refurb rent reviews, lease renewals and

Mr T.F.M. Mitchell, vice chairman of Godwins, has been elected president of the SOCIETY OF PENSION CONSULTANTS in succession to Mr C.W.F. Low.

LONDON BRIDGE AVIATION has appointed Mr Stephen Hor-ner as director of finance. He was manager, aerospace division, Midland Bank.

Mr Robert Dowling, a partner of Ronald Ward & Partners, has been elected chairman of the

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The post, which is located in Central London, offers in initial salary of £22,000 per annum, rising by annual increments to approximately £30,000 per annum, plus non-contributory pension rights.

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- Gordon Brown

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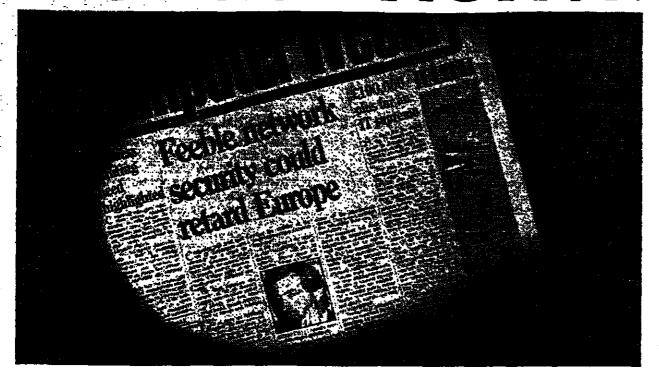
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# FACT · NOT · FICTION



Computers and Telecommunications ems are vulnerable. Because stories of Systems are vuriercose, secouse somes or that vulnerability abound they have lost some of their impact, but there is no room for complacency. The want can and sometimes does happen. Now that more and more of the world's leading amenications have information. organisations have information Technology of the very heart of their business the potential consequences of disruption cannot be ignored. This poses a problem for senior managers who have a duty to protect the assets of fixelr organisations and to preserve its ability to function but lack the highly specialised knowledge to anticipate, and thus avoid the worst. Comprehensive help is now available. No one has a stronger grasp of network security than Coopers & Lybrand. Our reputation has been earned through positive action. Following the recent publication of our European Security study, companies are becoming increasingly

aware of the weaknesses in their own

security. Very few have the time, expertise, or resources to go it alone, so we are looking for a new breed of professionals with the specialised knowledge and ability to identify not just problems, but solutions. Every challenge will be unique.

**SYSTEMS** SECURITY CONSULTANTS Salary Range £18-35K + car + benefits

As one of the UK's leading firms of Management Consultants and Accountants, Coopers & Lybrand are leading from the front. It you are between 25 and 35, ambitious, highly intelligent, dynamic and aspire to the highest professional standards, you could be working with the cream of the industry.

You have already reached a high level of technical competence, but would welcome the chance to make your mark on a wider stage. You'll be working on assignments that concern concrete

problem-solving such as risk analysis. contingency planning, and accep testing for an impressive and varied range of European attents.

bu could come from one of a number of backgrounds - possibly security or consultancy, but you will certainly be entrepreneutial and self-motivated; yet a team player. Having communication skills that match your capacity for clear thought means you are looking to grow your skills in dealing at the top.
The market is new, We are not playing to old rules - so if you have something positive and relevant to offer we'd like to

hear from you. The future is wide open for those who can grasp the opportunities - and for those who do Coopers & Lybrand offer exceptional rewards.

Flease contact Rod Perry or Marco Kapp, Coopers & Lybrand Associates Limited, at the address below, quoting reference F20/8.

& Lybrand | Purnifree Court, London EC4A4HT.



Attractive salary + car + bonus

Acom Computers is already a market leader in high performance, micro-based computer systems and our powerful Archimedes range has opened up new market opportunities. We are now seeking a Business Planning Manager to join our marketing team to play a key role in developing marketing strategy and effective marketing information systems. Reporting to the Sales and Marketing Director you will be responsible for initiating and carrying out analysis and research as well as making recommendations on all aspects affecting the future direction of the sales and marketing research as well as making recommendations on all aspects ance may be until the choice in the sale and making effort. Forecasting, budgeting, pricing, monitoring performance, margin analysis – these are all within your brief to interest your findings and recommendations convincingly to senior management will be a key skill required in this position.

Our ideal applicant should be a professional in either finance or marketing in a high-tech environment, but with experience in both. Almost certainly you will be MBA qualified with relevant business experience. Other qualities must include sound communications skills and a strong, tenacious but still personable nature.

The rewards are generous for this vital role and are open to negotiation for the right applicant. To apply please write with a full curriculum vitae to our consultant, Mrs Dorothy Macrow, quoting reference number K/105/BPM at the

DCN Recruitment Newman House

The choice of experience

An outstanding opportunity in Retail Financial Services

# MARKETING EXECUTIVE to £30,000 plus Car & Benefits

Our client, a prominent Danish financial institution is poised for significant international expansion within the area of retail financial services. This development has created a new and exciting tole for a dynamic Marketing executive to be based in London.

Following a-six month familiarization programme in Denmark, the appointee will work in conjunction with the Head Office and London subsidiary in developing and marketing a wide range of financial and insurance related products within the UK.

This outstanding opportunity will appeal to a self motivated individual seeking a high degree of independence. Ideally the successful candidate will be aged in his or her thirties with a tertiary education and at least a three year successful track record in marketing retail financial services with a major financial institution or bank. Previous international experience will be an

An attractive remuneration package to the level indicated above will be negotiable according to experience and will reflect the strategic importance

In the first instance please contact Leslie Squires on 01-606 1706. All enquiries will be treated in the strictest confidence. Anderson, Squires Ltd. 127 Cheapside, London EC2V 6BU

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Financial Recruitment Specialists Anderson, Squires

### Small expanding

Stock Exchange member firm seeks members or associates with private client base. Friendly atmosphere with excellent administration and back up. Please apply for confidential discussion to Box A0912, Financial Times, mon Street, London EC4P 4BY

# GILTS MANAGER

£35,000+ plus Full Banking Benefits

City

Our clients are the UK investment office of a major international organisation. Based in the City, the office manages funds in all the world's markets.

Due to the growth of the office, they now require an experienced gilts fund manager to support the heads of the department in the further development of their gilts portfolio. The role will also include liaising and instructing the futures department in respect of futures and options hedging and income

Candidates should be aged in their late 20's with preferably 5 years experience of managing a gilts portfolio. This expertise will probably have been gained in the dealing department of a major international bank or other financial institution. Experience of gilt

options and a working knowledge of gilts futures is desirable.

Equally important is a mature, confident and capable personality that will enable them to cope successfully with an autonomous, responsible and high profile position. Candidates must demonstrate a flexible and innovative approach and a willingness to work as a member of a small mixed investment team. The role offers excellent opportunities for personal creativity and career growth.

In addition to an extremely attractive salary, which is negotiable, the remuneration package will include the usual executive

Please reply in confidence, enclosing full cv and quoting reference 13182, to Joanna Corr.



### **KPMG** Peat Marwick McLintock

Executive Selection and Search 9 Creed Lane, London EC4V 5BR

# Chief Dealer Chief Analyst

Our client, a major Spanish brokerage house, is looking for a Chief Dealer and a Chief Analyst for its new equities division in its Madrid

We are looking for highly qualified professionals with broad experience in similar positions with reputable companies within the sector.

We offer the opportunity to join a fast-growing company and a highly professional, young executive team in the most expanding European securities business. The positions offered involve both a

professional and personal challenge as well as tangible promotion possibilities. **Fluent English and Spanish are** essential, other languages would be

The remuneration packages offered are in line with the responsibility of the positions and will be adjusted to the candidate's background and

All correspondence will be forwarded to Price Waterhouse in Madrid, but in the first instance please write enclosing a full CV and salary details quoting reference MCS/5107 to Barrie Whitaker Executive Selection Division

**Price Waterhouse Management Consultants** No. 1 London Bridge London SEL 90L

- Price Waterhouse



# Manager, Banking, Birmingham To £35,000 Corporate Banking in a Merchant Bank

This high profile quality institution provides innovative and open to innovation, candidates should be funding solutions to a large and diverse client base. The UK Corporate Banking Division offers a wide range of products including leveraged transactions, property financing and mortgage related deals. The Division works closely with other parts of the Bank specialising in corporate finance and development capital, buy-outs and equity placement.

To facilitate the further growth of this important group, the Bank seeks to recruit a high calibre individual to strengthen the marketing team in its Birmingham office. Bright, broadminded

excellent graduates with a minimum of 3-5 years in an active banking role. Attractive experience will include significant client exposure and considerable evidence of successfully completed transactions.

The right candidate will be rewarded with a generous salary package and excellent career prospects within the

Interested applicants should contact Mark Hartshorne at Michael Page City on 01-404 5751 or write to him at 39-41 Parker Street,

London WC2B 5LH.

Michael Page City

International Recruitment Consultants London Paris Amsterdam Brussels Sydney

# ASSET SWAPS DEALER

In-depth knowledge of the Eurobond market, reviewing and analysing for SWAPS, hedging risks, etc., are essential in this position in UK Merchant Bank.

NEWLY QUALIFIED ACCOUNTANT (ACA)
Professionally trained in a recognised firm of accountants is

an essential requirement for an excellent opportunity to join an expanding London branch of a European bank as Assistant to the Financial Controller.

MONEY MARKET DEALER c£20,000 Neg

A minimum of 2 years in an active dealing position is required to deal on off balance sheet and money market instruments in a leading international bank.

INTERNAL AUDITOR

Medium sized European bank seek auditor with operational and data processing experience. Familiarity with IBM 38 + P/C applications desirable. (Age range 25-30.)



OLD BROAD STREET BUREAU LTD STAFF CONSULTANTS 108 Old Broad Street, London EC2N 1AP. Tel: 01-588 3891

# **Head of Australian Equities Sydney**

Schroders Australia Limited, the Australian Operating Company within the Schroder Group, is currently expanding the range of products it offers through Group Companies to its international clients worldwide and particularly to those in the Far East where it already has a very successful record and extensive client list relating to debt securities, including government bonds and private placements.

We are now adding Australian equities to the range of products and are looking for an outstanding individual with the skills to develop a small research and trading team which can provide this service to our clients. The leader of the team must have experience in Australian equities and be able to demonstrate the ability to communicate strategies to identify the provider and the creating and to international investors and to organise and motivate a research and dealing team.

For the right person this is an opportunity to build a business from an established client base, within a highly successful and respected investment bank, which would provide the foundation for a full scale equities operation in Australia. It also combines an attractive remuneration package with considerable personal development and career opportunities In the first instance, please write with a brief CV to the Group Director of Personnel (reference JDB), Schröders plc, 120 Cheapside, London EC2V 6DS. Absolute confidence will be

**基Schroders** 

# **OPERATIONS CONTROLLER**

### No. 2 in a greenfield business

### Financial Services £35-40,000 + benefits

Our clients are a long established international group whose business interests centre upon life assurance, unit trusts and fund management. As part of a programme of planned yet rapid expansion within the UK and Europe, they are currently setting up a new subsidiary to exploit a major new business opportunity within the investment markets. Placing significant emphasis on appointing a high calibre executive team to establish and develop the company, they now wish to recruit an Operations Controller to be one of the key players.

As number two to the Chief Executive this is a wide ranging tole which will include responsibility for setting up and developing the systems and controls to handle a high flow of funds and the office administration procedures to cope with a period of substantial growth.

A strong understanding of the dynamics of the investment markets is vital. This will probably have been gained from working in the back office of a major broker, fund manager or bank. Candidates should be young, flexible and of graduate calibre. They should be able to combine an attention to detail with a broader business awareness and they should have the personal qualities to recruit and bring the best out of some twenty back office staff. A formal systems or accountancy training would be helpful but is not essential. This is a challenging opportunity with exciting career prospects. It carries with it a flexible

remuneration package which reflects the importance of the role. The location for the business has yet to be decided and the successful applicant will participate in that decision. Please write in confidence enclosing a full cv, including current remuneration and quoting reference F2909/3, to Paul Carvosso.

CORPORATE

**FINANCE** 

£25-£30,000

Due to expansion, this well-established

international bank is currently recruiting

actively into its Corporate Banking and

Corporate Finance areas. As an Account

Manager, you will have full responsibility

for the development and management of a diversified portfolio of corporate accounts,

# **KPMG** Peat Marwick McLintock

**Executive Selection and Search** 9 Creed Lane, London EC4V 5BR

### FINANCIAL INSTITUTIONS Insurance Sector £30-£40,000

This global bank is a leading provider of products and services to a wide range of financial institutions, and is committed to further increasing its market share. An additional Account Manager is sought to join the insurance group at Vice-President level, with responsibility for introducing and managing new client relationships in this highly profitable sector. Specific experience of managing relationships with insurance companies and/or brokers will be advantageous, whilst a thorough understanding of both commercial and nvestment banking products is essential.

Contact Ken Anderson

### to £50,000 Our client is a major international

RISK

**MANAGER** 

bank, with long-established and

diverse operations in London. For this key appointment they seek a seasoned international banker, aged in his/her 30s, who has in-depth understanding and experience of managing all types of risk exposure. The role will be one of crucial influence, impacting on both procedure and policy and including the training of relationship managers. Remuneration will not be a problem for a candidate of stature.

Contact Jocelyn Bolton

including the provision of such products as acquisition and mezzanine financing. You should have a strong foundation in credit analysis, and a proven track record in business development. This is an excellent opportunity to develop further strengths in the field of Corporate Contact Loretta Quigley

For further information please telephone 01-606 1706 or send a Curriculum Vitae to Anderson, Squires Ltd., 127 Cheapside, London EC2V 6BU.

Financial Recruitment Specialists Anderson, Squires

# Commercial Banking

### Corporate Lending Managers Specialist Financing Manager To £35,000 To £35,000

The corporate banking division of a major U.K. institution is currently seeking marketing managers to lead and co-ordinate their commercial lending operations throughout the U.K. Ideally you will be aged between 30 and 45, educated to degree level and/or hold a relevant professional qualification. You should also have a minimum of three years' commercial lending experience coupled with extensive contacts and knowledge of the U.K. corporate sector, preferably in the U.K. middle market. A strong clearing bank background is essential.

A well-known international institution with a significant and growing presence in U.K. banking seeks candidates with experience of structuring transactions in the property and aerospace sectors. Ideal candidates will be aged between 28 and 35, graduates with strong credit skills and at least three years' experience of a wide range of project finance. A specialist understanding of property or aerospace would clearly be attractive. Successful applicants will benefit from excellent career development within a highly professional team and will enjoy an attractive salary package.

Interested applicants should contact Mark Hartshorne or Niall Macnaughton on 01-404 5751, or write to them at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

Michael Page City

International Recruitment Consultants London Paris Amsterdam Brussels Sydney

### **Fixed Income Trader**

Morgan Grenfell is seeking to recruit a Fixed Income Trader to join its Banking and Fixed Income Division in London.

You would be responsible for Market Making and Multi-Currency arbitrage in European Government Bonds, with the opportunity to manage the existing team in the near future.

The position requires someone with a strong quantative background and an Economic, Financial or Numerate degree, who wants to take responsibility for the direction and development of the business. You will have a minimum of 4 years trading or sales experience in the German, Dutch or French Government Bond markets.

There is an attractive remuneration and benefits package.

Please contact, giving full career details:

Mr. M. J. Heyes Morgan Grenfell & Co. Limited 23 Great Winchester Street London EC2P 2AX

**MORGAN GRENFELL** 

# European Equity Sales

Our client, a major house with first class European wishes to augment its successful team with a high calibre sale: son. You will already be working in a securities house selling European equities to institutions and have built up strong client relationships over a period of at least 2 years. Excellent package.

exceptional communicative ability and good institutional contacts. Either a generalist or a specialist would be considered.



Our clients wish to talk to analysts in these areas; Brewing; Property; Olls; Paper & Packaging; Chemicals; European Electronics; European Motors; Scandinavian Equities; Building Materials.

Contact: Dr Eispeth Davidson, Commodity Appointments, 116 Shaftesbury Avenue, London W1V 7DJ Tel: 01-439 1701



### RECRUITMENT CONSULTANTS GROUP

3 London Wall Buildings, London Wall, London EC2M SPJ Te: 01-5883588 or 01-5883576 Telex No. 887374 Fax No. 01-256 8501

Initial one year renewable contract. A key position managing this long term project.



### **GENERAL MANAGER AND DIRECTOR**

PORTUGAL-ALGARVE

HIGHLY ATTRACTIVE PACKAGE

BRITISH MANAGED MAJOR LEISURE AND RESIDENTIAL DEVELOPMENT

The first phase of this major development is nearing completion and our clients now seek a General Manager to supervise and co-ordinate the line managers who have day to day responsibility for the completed golf course and clubhouse, the construction of the village and individual villas, financial control, operational management and marketing. The General Manager will propose policy to the Board and be responsible for its implementation, as well as overseeing the organisation which will provide services to residents and the management of swimming pools, restaurants, shops, etc. There will also be responsibility for planning the further development of this project. General management experience in the leisure industry is essential, with some experience of construction and, as the General Manager will be responsible for relations with the local community, a knowledge of Portuguese will be an advantage. A highly attractive remuneration package with significant tax benefits is negotiable, plus furnished housing, car, life insurance, medical cover and annual leave with passages. Applications in strict confidence under reference GMD4606/FT, to the Managing Director: CJA

> A senior role for a creative individual capable of assuming credit authority. Key member of global credit team.



LONDON

### **VICE PRESIDENT -- CREDIT OFFICER** INTERNATIONAL MONEY MARKETS

**LEADING US FINANCIAL INSTITUTION** 

UP TO £40,000 + CAR

We invite applications from candidates, probably graduates, who must have had at least 4 years' experience in a senior credit role within the banking sector. Experience with treasury related products and the credit and commercial issues involved will be a distinct advantage. The selected candidate, whilst reporting directly to the Head of Credit in the US, will be expected to assume a high degree of autonomy on credit matters. Besides being responsible for making credit judgements, an important part of this role will be to work closely with the local treasury staff and to participate in business development. Essential qualities will be sound commercial risk analysis abilities, strong interpersonal skills and creativity in making business decisions from a credit standpoint. Initial salary negotiable up to £40,000, plus a company car and a full range of generous fringe benefits including mortgage assistance. Applications in strict confidence under reference VPC021071/FT will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter marked for the attention of the Security Manager:

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501. ORGANISATIONS REQUIRING ASSISTANCE ON RECRUITMENT: PLEASE TELEPHONE 01-628 7539

# RECRUITMENT CONSULTANCY Banking & Finance

Anderson, Squires Ltd is one of the major specialist recruitment companies serving the international banking industry. We offer our clients an "across the board" service in the UK and Europe, currently through four recruitment divisions, and we have ambitious plans for further expansion and diversification both immediately and in the longer

We now seek a number of dynamic and experienced Recruiters to join us and help implement these plans. You will be joining a young, enthusiastic and professional team recruiting specialist staff at both senior and junior levels for a "blue chip" City client base, primarily through advertising and selection.

We should like to talk to you if you have directly relevant experience in our sector, or if you have been recruiting in a related area (e.g. Accountancy or Insurance). In addition to your professional skills, personal qualities of enthusiasm and integrity will be of paramount importance.

Remuneration is for discussion, and will include a very attractive performance-related element.

In confidence, please telephone Ken Anderson on 01-606 1706 (office hours) or 01-858 1375 (evenings/weekends), or write to him at Anderson, Squires Ltd, 127 Cheapside, London EC2V 6BU

Financial Recruitment Specialists

Anderson, Squires

### Marketing Executive

Our client, recognised as one of the leading International banks worldwide, wishes to appoint a senior Marketing officer.

The position calls for a confident personality capable of negotiating directly with clients at all

Your enthusiasm and communication skills will be supported by several years experience of sell-ing to financial institutions within a banking

There are obvious opportunities for career development within this organisation and our client is prepared to affer a generous benefits' package which includes a company car and mortgage subsidy.

### **Assistant Manager** Swaps C.£28,000

A highly respected international banking group is seeking to appoint an experienced Swaps person. As part of a dedicated team, you will work on

the structuring of swaps deals in close conjunc-tion with the Corporate Finance area. You will have a minimum of three years InterestiCross Currency Swaps experience (not necessarily gained in a trading environ-ment), strong mathematical skills and the abilily to solve problems effectively and creatively. In return, our client will offer you an outstanding

range of benefits and excellent career prospects in line with your aspirations.

### Corporate Finance Executive

Our client, a leading International banking group, is seeking an ambitious graduate with current work experience gained preferably, though not essentially, from a Corporate Finance area,

To fill this post, we are looking for a person with initiative and commercial judgement, capable of contributing to the team's development. The position will involve identifying and researching opportunities for new business. Our client offers a competitive salary, comprehensive benefits and the opportunity to further your career in a progressive and

Please telephone Mrs Joan Woods, 01-236 1113, or write enclosing a full CV, to her at Portman Recruitment, 13-14 Great Saint Thomas Apostie, London EC4V 2BB.

### 140KIMAN BANKING

PUT CARE INTO CAREERS. 01-236 1113
PORTMAN RECRUITMENT SERVICES LTD

### ACCOUNTANT/SOLICITOR/ STOCKBROKER LONDON

Remuneration circa £70,000 covering salary and results related bonus + car + assisted mortgage

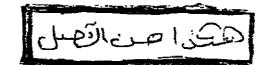
Our client, a dynamic, Triple A rated international financial institution needs an experienced professional with a strong bias towards sales/marketing and the ability to maintain good relationships with financially active wealthy individuals.

The ideal candidate must have a sound knowledge of UK personal taxation and the ability to market a wide range of investment, banking, credit, corporate finance and fiduciary products and maintain long term customer relationships with predominantly senior executives of foreign banks, (principally North American) financial institutions, non domiciled UK residents and professional intermediaries.

Preferred age under 30/40. All candidates must have a degree and/or professional qualification (og FCA, LLB). New husiness development skills essential.

Remumeration package includes a reasonable salary, an attractive performance related bonus, company car, assisted mortgage and pension/life assurance/medical benefits. Applicants should apply with a brief CV to: Pieter G. K. Oosthuizen, Kohnhorst Irvine International, 53 Grosvenor Street, London W1X 9FH.

Kohnhorst Irvine International



### MAJOR MIDDLE EAST INSTITUTION seeks SENIOR ANALYST - AUSTRALIAN MARKET

This appointment is based in Abu Dhabi - United Arab Emirates.

The successful candidate will have at least five years experience in analysis of stocks in Australia.

Knowledge of other markets would be an advantage.

Salary will be tax-free and commensurate with experience. Benefits include housing, medical fees, transport allowance, terminal gratuity and return annual air fare for the appointee and his family. There is also a scheme in operation to subsidise school fees, and bonuses based on performance.

Please reply to:

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The Director Abu Dhabi Investment Authority 18th Floor 99 Bishopsgate, LONDON, EC2M 3XD.

REGISTERED REPRESENTATIVES/ SE DEALERS

A number of ASSOCIATES with good communication/ trading skills for highly (applicants to the International

Client hear on softenings, but not executed. Mr Hershop or Mr Watson 91, 895 1789

### **APPOINTMENTS ADVERTISING**

For further information call 01-248 8000

### **Appointments** Wanted

SWAP/BOND TRADER MBA, 27, Swap and Fixed-Inc experience. New York, Tokyo and London. Sales and Broking. Seeks demanding dealing position with Swap or Fixed-income group.

CBL is the "Eurobank" of the Dresdner Bank Group. Situated in Luxembourg, we are active in international lending and money-market, foreign exchange and securities dealing with major partners world-wide.

Within our Syndications and Loans Division we intend to strengthen our

### **EUROCURRENCY SYNDICATIONS**

department. This international team transacts a wide variety of capital markets business with both sovereign and corporate customer sin the syndicated Euro-Loan markets world-wide.

Ideally, candidates will be between 25 and 30 years of age, will be educated to degree level and have received a bank training in the international sector. Experience in a syndications environment would be valuable for position demanding creativity and the ability to develop and carry through successfully attractive loan projects.

We are looking fro a dynamic, decisive personality with good presentation skills. Fluency in English (not necessarily as mother tongue) is essential. A good knowledge of German to be improved on the job will be also be a requirement. We will naturally give necessary assistance regarding relocation to Luxembourg.

If you are attracted by this challenging opportunity, we would like to discuss further details with you personally. In the first instance, therefore, please send your written application in German, with career details and photograph, marked "confidential" to our Personnel Department.

### Compagnie Luxembourgeoise de la Dresdner Bank AG

26, rue du Marché-aux-Herbes L-1728 Luxemburg

Dresdner Bank International

# Venture capital professional

Birmingham

Lloyds Development Capital Ltd. part of Lloyds Merchant Bank, is looking for a venture capital professional to join its new regional office in Birmingham.

The successful candidate is likely to be a graduate, aged around 30 with about 2 years' direct experience in venture capital or related experience in industry. The ability to handle an active portfolio of clients and to develop new investment opportunities is necessary. A strong personal profile is essential as are proven analytical, numerical and negotiating skills.

The person appointed will join a small but experienced team with excellent potential for growth in an expanding and stimulating environment.

A competitive salary and bonus package is offered, which includes a car. mortgage and full banking benefits. Relocation assistance is available if

necessary. Write with full CV to:-Michael Joseph, Director, Birmingham B3 2DJ.



Lloyds Development

### Lloyds Development Capital Ltd. Embassy House, 60 Church Street,

### HEAD OF INTERNATIONAL DIVISION

£25,000 + Benefits.

As a result of internal promotion, the Bank wishes to fill this vacancy in its International Division. This is a key position and the tasks are wide ranging. They involve working closely with General Management and therefore being close to the supervision of Documentary Credits, Collections and FX Back-up departments (total staff of 20) as well as maintaining/developing business with corporate clients and banking

The ideal candidate, probable aged 35-45, should possess not less than 10 years' supervisory experience, preferably in a similar position. Essential characteristics include drive, ambition and well developed interpersonal and management skills. The candidate must also be fully bilingual (English/ Spanish).

An excellent salary and benefits package is provided and interested candidates should write enclosing a comprehensive CV quoting their daytime telephone number Box A0909, Financial Times, 10 Camon Street, London EC4P 4BY

for a well established subsidiary of a major Spanish Bank in the City to

institutions. A knowledge of the Spanish market would be highly desirable.

### **GRADUATES**

Accountancy Tax **Training Contracts** (ACA or ATII) to £9 - £10,500

full study PACKAGE. Posts still available to start Sept. for

TOP INTERNATIONAL

to Smail/Medium Chartered Accountants. Require 10-15 "UCCA" points at "A" Level & You must expect a 1st/ 2nd Degree.

01-255-1555 Mike Morell, Meridian Rec Cons,

25 Museum St., WCIA IJT

### **EXPORT FINANCE**

A well established Upper Mid-West American Bank in the City of London requires a Loans Finance Officer for the development of activities in the Export and Trade Finance

Reporting at a senior level the person employed will be required to co-ordinate, advise and develop various Export Trade Finance packages.

It would be advantageous for applicants to have a general knowledge of Documentary and Trade Credits, Letters of Credit, ECGD, Credit Insurance and Credit Aualysis obtained within the Banking environment, or alternatively applicants with experience of these types of operations within multi-national corporations would also be considered. Ideally applicants should have experience of business travel throughout the OECD area.

The ideal applicant should be aged 25 to 35, with an outgoing personality, whose experience, apart from participating in the present structure of the Bank's operations, should be able to contribute to any future expansion possibilities.

Please send a detailed Curriculum Vitae giving salary expectations to:

Write Box A0908 Financial Times, 10 Causon Street, London, EC4P 4BY

### SUCCESSFUL JOB SEARCH

ARE YOU A SENIOR EXECUTIVE SEEKING A NEW FINANCIAL APPOINTMENT?

We are the professionals who can advise and help you. Since 1980, Connaught's executive clients have accessed unadvertised vacancies, obtained interviews, found the right jobs and reduced job search time. Contact us for an exploratory meeting, it is without charge and we will tell you if we can help and at what cost; it may be easier than you think. Expais enquire about our special service.

Lendon: 32 Sartie Row, Landon WIX 1AG. Tel: 61-734 3879 (24 hours). Bristol: Maggs House, 78 Queens Read, Clifton BS8 1QX. Tel: 6272-226933.

Connaught

### **EXECUTIVE POSITIONS -**KUWAIT

The Gulf Bank KSC, the second largest bank in Kuwait with a US\$ 6.8 billion balance sheet and 30 branches, and the market leader in product innovation and technology, seeks:

### 1. PRODUCT DEVELOPMENT MANAGER

The successful candidate should have a minimum of 10 years banking experience and be fully familiar with highly automated banking systems - ATM network, POS, Micro-Banking, Telephone Banking: Investment Products - Unit Trusts/Mutual Funds; Card Products; a team player with good communication abilities. Ability to communicate in Arabic is a plus.

### 2. MANPOWER DEVELOPMENT MANAGER

The successful candidate should have a minimum of 12 years experience. It is preferable if he has worked in a similar capacity in a financial institution. Position responsibility includes, development and execution of the Bank's manpower plans, development of short and long term manpower development policies and the development and management of the training programmes.

Positions carry a fully competitive salary and expatriate benefits - housing, schooling, airfares, long vacations, all tax free, under a two year contract.

Please reply enclosing your CV, in confidence to:

THE MANAGER, EMPLOYEE RELATIONS & RECRUITMENT, THE GULF BANK, POB 3200, 13032, SAFAT, KUWAIT

> THE LONDON SCHOOL OF ECONOMICS AND POLITICAL SCIENCE

### **Appointment** of Director

The Court of Governors of the School has established a Selection Committee to make a recommendation for an appointment of Director of the School from 1 October 1990 on the retirement of Dr I G Patel.

It is expected that the person appointed will be in office when the School celebrates its Centenary in

Further particulars of the appointment may be obtained from Dr Christine Challis, The Secretary, The London School of Economics and Political Science, Houghton Street, Aldwych, London WC2A 2AE.

Anyone interested in being considered for appointment or wishing to recommend anyone for consideration is invited to communicate as soon as possible, but not later than the end of September, with the Chairman of the Court of Governors at the School. Communications should be marked Private and Confidential

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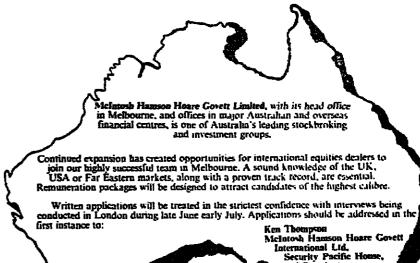
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Telephone day: 01-588 7511 or evenings: 01-852 6248



### State Bank of India

State Bank of India announces

that its base rate

is increased from

8.% to 8.5% per annum

with effect from

June 6, 1988

### BANK OF IRELAND BASE RATE

Bank of Ireland announces that with effect from close of business on 8 June 1988 its Base Rate is increased from 8.00 % to 8.50% p.a.



FIDELITY AUSTRALIA FUND N.V. Registered Office: 16-A Pietertunai, Wilemstat
Curacao, Netherlands Antilles
NOTICE OF ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

Please take notice that the Annual General Assembly of Shareholders of Fidelity Australia Fund N.V. (the "Corporation") will take place at 10:00 a.m. at 16-A Pretermani, Willemstad, Curação, Netherlands Antilles, on June 21, 1988.

The following matters are on the agenda for this meeting. Approval of the report of the Management. Election of the following persons as Managing Directors:

Edward C. Johnson 3d William L. Byrnes Charles A. Fraser Hisashi Kurokawa

Harry G.A. Segat H.F. van den Ho

royal of the linancial statements of the Corp Ratification of actions taken by the Managing Directors since Annual Assembly of Shareholders.

Ratification of actions taken by the i

Article 12 of the Fund's Articles of Incorporation which presently provide that any owner of more than 3% of the authorized capital of the Corporation may be required to redeem that excess amount. The Board recommends that the provisions be amended to permit the fund to require any beneficial owner of more than 3% of the outstanding shares to redeem

susiness as may properly come before the assemb ters may obtain a form of proxy and related d

Fidelity International (C.I.)Limited ), The Esplanade L Helier, Jersey.

Fidelity Australia Fund N.V. c/o Corporate Trust N.V. 16-A Pietermaai, Willemstad Curacao Netherlanda Antilles

Holders of bearer shares may vote by proxy by obtaining from the institutions listed above a form of proxy and Certificate of Deposit for their shares and mailing those materials to the Corporation at the address set forth in the preceding paragraph. Alternatively, holders of bearer shares wishing to enercise their religious personally at the assembly may deposit their shares, or a certificate of deposit therefor, with the Corporation at 16-A Pieternnai, Willemstaad, Curacao, Netherlands Antilles, against receipt therefor, which receipt will entitle said bearer shareholders to exercise such rights.

All proxies (and certificates of deposit issued to bearer shareholders) must be received by the Corporation not later than 9:00 a.m. on June 21, 1988, in order to be used at the assembly.

used at the assembly.
In accordance with Article 22 of the Fund's Articles of Incorporation, approva

of Item 6 of the agenda will require the affirmative vote of a majority of the vote cast at the Assembly. Approval of the remaining items of the agenda will similarly require the affirmative vote of a majority of the votes cast at the Assembly.

By order of the Manageme Charles T.M. Collis Secretary

### TRAFFORD PARK

The Financial Times proposes to publish this survey on: Monday, 26th July 1988

For a full editorial synopsis and advertisement details, please contact:

PHILIP DODSON on 061 834 9381 (TELEX 666813) (fax 061 832 9248) or write to him at:

> Financial Times Alexandra Buildings Queen Street Manchester M2 5HT

**FINANCIAL TIMES** 

### FT LAW REPORTS

# UK trustee not liable for tax

DAWSON v INLAND REVENUE COMMISSIONERS

Court of Appeal (Lord Justice Kerr, Lord Justice Dillon and Lord Justice Nicholls):

A TRUSTEE residing in the UK whose co-trustees reside abroad, is not liable to tax on trust income arising from investments situated outside the UK.

The Court of Appeal so held when dismissing an appeal by the Inland Revenue from Mr Jus-tice Vinelott's decision to set aside an assessment to income tax on trustee, Mr Oliver Daw-

Section 108 of the Income and Corporation Taxes Act 1970 pro-vides that tax under Schedule D vides that tax under Schedule D
"... shall be charged in respect
of (a) the annual profits or gains
arising or accruing - to (i) any
person residing in the United
Kingdom from any property
whatsoever, whether situated in
the UK or elsewhere ..."
Section 114(1): "... income
tax under Schedule D shall be
charged on and paid by the persons receiving or entitled to the
income ..."

LORD JUSTICE NICHOLLS said that three trusts were made between 1946 and 1965 by settlors domiciled and resident in the UK. The principal beneficiaries were members of the family of Mr Gordon Cotton.
In 1969 Mr Cotton emigrated to

Switzerland and became permanently resident there with his

family.

The assessments under appeal were for the year 1975/76. Mr Oliver Dawson, a UK resident, was trustee along with two others neither of whom was domiciled nor ordinarily resident in the UK. By far the larger part of the trust funds was invested in securities of non-UK companies. They were registered in the names of a Swiss bank or nominees and were held in the country in which the relevant companies were incorporated or resident. The income was paid into Swiss bank accounts.

The assessments were based on the estimated income of the trust funds derived from sources outside the UK.

The question was whether Mr Dawson, whose co-trustees resided abroad, was liable to tax on income arising from investments situated outside the UK.

The special commissioners
held that he was liable. Mr Dawson appealed. Mr Justice Vinelott

But the relevant income was trust income, and the entitlement of trustees to trust property was

So construed paragraph 1(a)(i) applied to annual profits or gains "arising or accruing - (lito any person or persons residing in the UK."

The crucial question was as to how paragraph 1(a)(i) was to be interpreted when the income accrued to persons jointly, one or ing said that what was important more of whom resided in the UK was the nature of the joint ownand the others outside the UK. ership by trustees of the trust. The Crown contended that in investments, and their joint entiand the others outside the UK.

held that he was not liable. The Crown now appealed.

The difficulty arose because the persons are large large and the line of the persons investments.

In CIR v TW Law Ltd (1950) 29

Were residing in the UK. Mr Daw-

Mr Dawson's construction was joint, not joint and several.

Accordingly, it accrued not to Mr
Dawson alone, but to him jointly
with his co-trustees.

Joint entitlement to income did
not give rise to any difficulty
where all those entitled were reserved.

The income had arisen or

reading the statutory provision (expanded by the Interpretation Act) as satisfied, if only one of the trustees possessed the neces-sary attribute of residing in the

LORD JUSTICE DILLON agree-

in CIR v TW Law Ltd (1950) 29 trustees.

On their face the provisions of section 108 and 114(1) of the Act traised the question of whether erry situated in the UK. In such a the relevant income "accrued" to Mr Dawson (section 108), and was income which he "received" or to which he was "entitled" (section 114).

But the relevant income accrued to the first income would be charge able under paragraph 1(a)(iii), even if the trustees were all resident outside the ITE in the present case Mr Justice Vinelott rightly.

culty arose with regard to trust call income derived from non-UK him. Because of the very limited nature of the interest of one only of several trustees, and because of the territorial basis of tax leg-

or accrued to Mr Dawson so as to render it chargeable to tax. The income had arisen or where all those entitled were resident in the UK, because the singular "person" in paragraph 1(a)(i) of Schedule D was to be read as including the plural "persons" by virtue of what was now section 6(c) of the Interpretation Act 1978.

The income had arisen or accrued to all three trustees jointly, but they were not all persons by virtue of what was now section 6(c) of the Interpretation Act 1978. Dawson alone, and disregard the other two trustees because they were not resident in the UK.
Lord Justice Kerr agreed with

both judgments. For the Crown: John Munmery (Solicitor, Inland Revenue) For Mr Dawson: Stephen Oliver

QC and James Kessler (Simmons

Rachel Davies Barrister

### SPANISH BANKING FINANCE & INVESTMENT

The Financial Times proposes to publish a Survey on the above on

23rd June

For a full editorial synopsis and advertisement details, please contact:

Luis Andrade, Ponzano 72-2C, 28003 Madrid, Spain

on (01) 456 2778 or write to Mr Robert Leach

Bracken House, 10 Cannon Street London EC4P 4BY.

**FINANCIAL TIMES** 

An incorrect version of the World Currencies table appeared in and reproduce the correct table here.

FT GUIDE TO WORLD CURRENCIES

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Hoechst 💆

### Payment of Dividend

NOTICE IS GIVEN to shareholders that following a resolution passed at the Annual General Meeting of shareholders held on 7th June, 1988 a dividend for the year ended 31st December, 1987 of 20% and an anniversary bonus of 2% on the nominal value of the shares will be paid as from 8th June, 1988 against delivery of Coupon No. 51 from shares of DM 50 or Coupon No. 2 from London Deposit Certificates of

Dividend and bonus of 22% will be subject to German Capital Yields Tax of 25%.

Coupons may be presented as from 8th June, 1988 to

S. G. Warburg & Co. Ltd., Paying Agency, 6th Floor, 1 Finsbury Avenue London EC2M 2PA

from whom appropriate claim forms can be obtained. The dividend will be paid at the rate of exchange ruling on the day of payment.

Payments in respect of London Deposit Certificates will be made at the rate of exchange ruling on the day of receipt of dividend on the underlying shares deposited in Germany.

United Kingdom Income Tax will be deducted at the rate of 10% unless claims are accompanied by an

German Capital Yields Tax deducted in excess of 15% is recoverable by United Kingdom residents, and the Company's United Kingdom Paying Agent will, upon request, provide holders with the appropriate forms for such recovery.

> Hoechst Aktiengesellschaft Frankfurt am Main, June 1988

> > in the second se

الفيكذا من النصر

### Television/Christopher Dunkley

### Much more on the media

highly enjoyable "Theatre Night" this was more interesting, more season, was like watching Wilthorough, and in all respects better suited to the material. Its only though it is, The Singing Detection and character seemed failing is that it lacks the conclusion is a repeat from 1986? to be as one, and you felt that he Sheridan's lines are, of course, wonderful, but there is as much pleasure in watching Sinden pre-pare to deliver as in the delivery itself: the tilting of the head, the rolling of the eyes, the movement of the mouth - which appears to have a life independent of the rest of the body - are enough in themselves to produce laughter before a single word is uttered. Could we not have a Restoration sitcom with Sinden in the lead? Egad sir! Odd's life, but it'd be (chews mouthful of imaginary cherries, swellows them, stones and all) incorrosible!

Channel 4's mammoth Sunday

And the second s

The Live to be

line Market

Septem Diag

chel Davies

OVC OR

sentact

night programme Waldheim, A Commission of Inquiry which set out to see whether there was enough evidence for Austria's president to be charged with some sort of war crime, had the increasingly eccentric right wing commentator Paul Johnson posi-tively keening with rage next morning, so clearly it got some-thing right. Yet it is difficult to decide what. Everything about the programme was outsize: it cost £1.5m, involved the collection of 8,000 pages of documents, the hearing lasted nine days in studio, the edited version was transmitted in umpteen countries simultaneously, and it lasted four hours – though it felt like 14. Clearly television journalists are as much entitled as others to undertake this sort of investigation, there is no reason why they should not use a tribunal format, and this particular example of the genre - with five eminent jurists led by Sir Frederick Law-ton hearing the evidence, and Lord Rawlinson, no less, the former Attorney General, challenging the evidence - appeared to be a model of integrity and fair dealing. The trouble is that you could hardly dream up a project less suited to television (what-

ever the format) than a detailed investigation of the structure and

that a current situation is only a

ever, is simply to employ it so

that two cross-sections can be laid side by side for contrast.

and Kay, sons Alan and Robin -

are celebrating Kay's 21st birth-day with charades. Pretty Joan Helford and hand-

some Gerald Thornton are there, and Gerald has asked his boring

young friend Ernest Beevers. Beevers is after Hazel, who can't

Act One is set in 1919. The Con-

Stap me vitals! Watching Donald turned to the book about the pro-Sinden play Sir Anthony Abso-lute in *The Rivals* during BBC2's Jack Saltman\*, and decided that to be as one, and you felt that he sion: a unanimous decision that, Susie Blake (the splendidly should never play any other part. on the evidence offered, there supercilious continuity an nounwas no case to answer.

snippets of Neimork 7 (in which as presenter of Def II (though, so some items are highly original), far as I can discover, she never the mannered eclecticism of Def II, and the old fashioned parishpump human interest of BBC1's Talking of which, who are the People (which looks like a most irritating people on televirevived Nationwide) two more since that show hosts who series are announced this week, pretend that another batch of The BRC's King and Company willighty seekers sent along by

sively as presenter of a major Aids programme. LWT gives The Statesman, which used to be examples of the Issues it seeks: The Statesman And Nation, infidelity, tug-of-love battles, the dad who wants to stop his daughter being a Page 3 model.

ter being a Page 3 model.

Why all the shyness and caution from LWT? Why not find and, according to Monday's few co-operative priests and psychiatrists, rig cameras in their "going strong and selectively on confessionals and consulting rooms, get Cilla Black to award points for the poignancy of the subjects' stories, and dish out Waterford decanters and microwave ovens to the winners? It or Blind Fate.

Whatever happened to: Frankie Howerd? Mike Leigh? Adam Raphael (the one who, cracy in the Balkans. not long ago Hours before the end I had a presenter) not long ago, joined Newsnight as

Time and the Conways/Derby Playhouse

B.A. Young

Priestley was obsessed with outbreak of another war). All has fortune seem a little machine-tunne's theory of serial time, but there is not much in his time plays about if. He comes near it has called a family party to dismension this play, with his suggestion that a current situation is only a little machine-made, and have little to do with Dunne's theories. But as a sentimental romance the play works, that a current situation is only a little machine-made, and have little to do with Dunne's theories. But as a sentimental romance the play works, that a current situation is only a little machine-made, and have little to do with Dunne's theories. But as a sentimental romance the play works, in this play, with his suggestion.

waster. Kay writes film gossip for a newspaper. Madge applies for jobs as headmistress of girls' pub-

lic schools. Gerald is a stuffy

bachelor solicitor. Mrs Conway

There is nothing more unusual:

in this than in, say, A Winter's Tale. Then Priestley adds a third act, back in 1919, full of deceitful

ing-room floor. Carol is dead.

Hazel has married Beevers and cases is treated deeply enough. is scared of him; Joan has mar-

Spike Milligan? Desmond Wilcox? Joanna Lumley?

Susie Blake (the splendidly cer from Victoria Wood's comedy series, who was pictured not once Tabloid television advances but four times in Radio Times a apace. On top of the frenzied month ago when she was billed snippets of Network 7 (in which as presenter of Def II (though, so

The BBC's King and Company, publicity seekers, sent along by we are told, "gives celebrities like the PR companies, are the most Keith Barron, Wendy Richards fascinating "guests" in the and Toyah Wilcox and members world? No. The sports commentaof the public the chance to see tors who tell you what you can their favourite animals in their already see and fail to tell you natural habitat." Goodness what you need to know? No. The knows who the people like Barmost irritating people on televitor, Richards and Wilcox are, but slot are the Channel 4 continuity the series sounds suspiciously announcers whose approach like pro-celebrity wildlife: before appears to be modelled on Susie we can look at a fox cub our Blake's: pretentious, condescend-attention has to be won by a pop ing, and self satisfied. They speak atrocious English, sound as Amouncing Family Affairs though they think up their mate-London Weekend declares "We risl at the last moment before it want to hear from people who are is needed, and habitually give facing a major emotional crisis away the plots of films immedi-and want to talk about it on tele-ately before they are shown. vision for a controversial new When Channel 4 began these peocurrent affairs show presented by ple were seen on screen, then Mike Smith." Note the use of they were reduced to voices. Per-"show" and Mike Smith, a disc haps the channel could now jockey who performed impressorap the voices...

> merges with New Society this week to form the New Statesman and New Society. Editor of the

wave ovens to the winners? It ago it was almost impossible to could be called Cris Cross Crisis persuade anybody in the mass media to take news about their own industry seriously. Newspa-pers reported one another's price rises, television issued press releases when comedy stars changed channels, and that was about it: "All the rest's navel gaz-

Alison Skilbeck makes Mrs

director Matthew Francis's responsibility that she too often

ns to be drilling her company

Carla Mendonca is a convinc-

ing Kay in both periods, and Tamsin Olivier, whom I last saw

as the unemotional Mrs de Win-

ter, is delightfully childlike as

Carol. Most of the parts are short

of roundness. Simon Dutton's boozy Robin, Stephen Crane's

pompous Beevers, Joan Helford's broken Joan - these are only competent sketches, but the fault

I think if the director could have infused a little more move-

ment into those family groups, we should have seen more life. The Conway sitting-room is somewhat bleakly furnished by

is Priestlev's, not theirs.

Conway simultaneously charm-ing and dislikeable, and it is director Matthew Francis's both Gilbert and Sullivan in their



How about a Restoration sitcom with Donald Sinden in the lead

feeling that the public can scarcely escape from the mass media's back yard. Broadsheet newspapers devote columns, pages, and now entire pull-out sections to the mass media, whether or not there is any news. On television, from the early morning review of the papers on the breakfast programmes to the late night preview of the next day's papers on Newsnight, there is a perpetual fascination with the mass media. BBC1 screens Open Air, its chat show about television, at 9.00 am on weekdays and follows with at least another hour from 11.00. Some-times, as on a Monday morning last month, viewers have two hours and can chat via satellite to Hollywood about the stars of

In the past few weeks Channel 4 has given us Blockbusters dealing with best selling records, programmes, paperbacks and so on, the dramas Giro City and Libel, both concerned with the mass media, another series of The Media Show, John Birt's broadcasting philosophy in Opinions, the bombing of Libya.
the weekly Right To Reply (about television) and What The Papers

\*Kurt Waldheim: A Case Answer? Robson Books £14.95.

ment and in doing so encouraged

This purpose of this event,

mounted under the auspices of

the London International Opera Festival, was to dig back in that

pre G & S era. With the perform

ers of Morley College on hand, it came up with two pieces that

would certainly not be likely to

get an airing otherwise today: one a musical corpse well beyond

any hope of revivification, but

the other a still lively piece of theatre with a few pointers

towards the golden age of British

The good fortune of Frederic

separate capacities.

operetta to come.

ing, old boy, the public doesn't Say. One night on BBC2 we had want to know about our back open Space devoted to the Hudgard."

Today you sometimes get the Company of the Space devoted to the Hudgard Daily Examiner, promptly followed by Horizon devoted to the BBC's own news-room. QED covered television commercials, and Secret Services watched a Sunday Mirror

reporter at work.

Each week BBC1 provides Take
Two and Points Of View for the
expression of public opinion about programmes, and once a month we have the longer pro-gramme Network. Did You See? has ended but, we hear, a new nightly programme will take over its role. Broadcasting and the "meejer" under represented?

How fortunate that David Dim-bleby was not appointed Direc-tor-General of the BBC. Had he been given the job we would not have benefited from the outstanding documentary series An Ocean Apart which traced the interest-ingly winding and difficult path of Anglo American relationships reaching a fascinating climax in the final programme with revelatory accounts of the diplomatic activity behind the Falklands war, the Grenada invasion, and \*Kurt Waldheim: A Case To

The piece is a slight one com-pared with his later master-

pieces, but Clay's music - a mix

of English hymnal diatonicism and fizzy Offenbach three-in-a-bar

give it a lift when the pace threatens to sag. The Morley

Opera performance was enthus

actic amateur raised to a some

what higher level by the welcome

professional contributions of con-

ductor Stuart Hutchinson and

Unfortunately there was little

that could be done for its com-

panion of the evening, Macfar

ren's Jessy Lea - an uninspired re-working of Donizetti's L'elistr

d'amore in an English seaside set

ting (super picture postcard designs). At about 90 minutes one

producer Tom Hawkes.

can usually be relied upon to

Ages Ago/King's College

Richard Fairman

German Reed promoted a special ing out the ironies of the plot and brand of small-scale Victorian then working them this way and

Clay's operetta Ages Ago is that might be tempted to say that the it has a libretto written by the piece refused to lie down and die, young Gilbert. Its tale of a if only it had not been dead right

haumted castle and ancestral porfrom the beginning. No wonder traits that mysteriously come to the fully-fledged G & S caused

operettas with piano accompani- that, like a real professional.

### De Valois Gala/Covent Garden

### Clement Crisp

Ninette de Valois. The house MacMillan and John Cranko, to Don Quirote duet in which they looked very handsome with its David Bintley, and then to Will lately shone in the Erik Bruhn decorations of with Geografica. decorations of pink flowers, Her liam Tuckett, writing for fellow Majesty the Queen and Princess students at the School and taking Margaret were there to mark the settings of two poems by Dame importance of the occasion, and Ninette for his text. Even more the stage was flooded with memories, with testimony to the past, and hopes for the future. Tributes were paid to Dame Ninette performance. Leslie Edwards, by Anthony Dowell, Peter who joined the company in 1933, devotion she has inspired in her Wright, Sir John Tooley and was still irreplaceably Catala- artists and her public. She Dame Margot Fonteyn, who all butte, an embodiment of the reminded us that a ballet comspoke with that mixture of love endeavours and traditions that pany is not the creation of one and devotion and gratitude, and a have made our ballet. Rudolf woman, told a funny story little awe, that this great woman has ever inspired. To begin the which he had made particularly evening, the bright young sparks his own as Florimund, partnering tribute to others and in organis-from the Royal Ballet School in a Maria Almeida's Aurora, while ing her dancers round her. But sailor's hornpipe heeled-and-toed it with the best, and semaphored the message that was in all our mazurka. some senior members of the we know who planned and it with the best, and semaphored the message that was in all our mazurka.

We were at the Royal Opera evening's fare, from Dame of choreography that is our dance House on Monday night to cele-Ninette herself and Sir Frederick heritage, and Errol Pickford and Date the 90th birthday of Dame Ashton, by way of Sir Kenneth Viviana Durante repeated the

At the end, the stage filled with present and former members of the company, with Dame Nureyev returned to the stage against herself, and - as always - seemed happiest in paying ing her dancers round her. But hearts: "Happy Birthday."

Because a great national company depends so vitally upon its school and its choreographers, it is good to report that four generations of creators were on view in the excepts that made up the series and wayne sheet at the excepts that made up the series and wayne sheet and wayne sheet and wayne sheet from the Sadler's cal fashion, that the gala was in the excepts that made up the series and wayne sheet from the Sadler's cal fashion, that the gala was in the excepts that made up the series told something of the range and ble. Thank you, Dame Ninette. A very happy birthday. Madam. And, as a post-script, let me advise anyone wishing to mark this exceptional event in practical fashion, that the gala was in the excepts that made up the

### The Brave/Bush

### **Michael Coveney**

Sharman MacDonald follows her tiously explores the sisters' abra- formed to soldier) offer the masremarkable first play. When I sively niggling and different culine safety net of sex and pro-Was A Girl, with a no less interviews of life back home while esting Scottish sequel transposed developing a black and comic to the Algerian desert. The focus "hide the body" action. The farce ing on a Hawaiian music revival. jumped bail and escaped to the post-Revolutionary sun.

On her first day in the hotel. Ferlie has seen off a local rapist and treats him to a stream-of-conand treats him to a stream-of-consciousness self-revelatory jabber
while he lies dead, or dying, at
her feet. "I did not want a man in
my room; I came here for a rest,"
she tells Susan as they lug the
guts to another location. Everything that happens to Ferile is a
spur to reminiscent wittering. A
hotel waiter brushes her arm,
and she's off, spewing out girland she's off, spewing out girlhood memories.

Her condition is clearly clinical, speech racing ahead of thought like a person submitting to psychoanalysis. What Miss David conveys very well is that sense of literally unwrapping yourself in foreign climes. She has to leave home to find her voice, to put a comparative perspective on the fact that she both keeps carp in the garden pool and took in a pair of miners during the strike.

Susan is more mysterious, another failed radical who went There was no shortage of light der a very strong sense of deja vu in anybody who is fond of Ruddi-of the 19th century. At his Regent street establishment Thomas find Gilbert's sharp pen searcharound popping bombs through letter-boxes. The play ambi-



Hence, of course, the title. which is less about Algeria than notions of Scottishness. Scotland the not so brave is another country. The rape, never established, of Ferlie, is likened to the tourist invasion around the pool. The waiter gets very angry. Cunning, though, how Miss MacDonald writes, and Mr Osoba plays, both his resentment and his retalia-

Simon Stokes's production is very well organised, and beautifully designed and lit by Robin Don and Rick Fisher. Louvered shutters and a tiled floor serve as hotel, beach and desert, with a colourfully inset poolside bar, a sliding bunk for the dead man (Danny Cerquelra), later denomi-nated dead drunk in a rather shocking flesh-bartering sequence, and an Ionic pillar that rapidly descends on Celtic discor-

dance in the sand

### Eleanor David

### Robinson Crusoe/Guildhall School

### **Rodney Milnes**

Offenbach's glorious opéra comi-que is both a good piece for stu-dents (lots of roles) and a piece are on a shoestring budget (fair for good students (it needs not enough) but also look like it (less pan Jim Cocks worked nicely, only voices but the knack of putting a number across, hitting the audience right between the eyes). If the GSMD's new production to be repeated with some cast changes at the School's Barbican theatre tomorrow, Friday and next Monday - is less than the sort of smash hit we expect at this address, the blame must lie

with those in charge. There is more humour in the comic numbers - the wrong-note march for the cannibals, Friday's neo-rumba - than Peter Robin-son, on rather sedate form, allowed to emerge, and pit-stage

most hilariously anarchic epi-sodes in all Offenbach, was gro-tesquely miscalculated. There is room for more light and shade than Michael Forest-

enough) but also look like it (less pan Jim Cocks worked nicely, larly works at the Players). The had clean diction and a pair of choreography is shy-makingly really sharp eyes, always useful awful, and Anthony Besch's in comedy. Tae Woong Han (Sir comic touch seems to have des- William) could be an interesting erted him - temporarily, I trust. bass if he were occasionally to The second-act finale, one of the try singing at less than double

The students, then, were brought to the tenor title role, largely left to fend for them- but it is a big sing and be did selves, with varying degrees of honourably. Gunvor Nilsson (Frisuccess. Rhona Fraser, as day) has a promising voice, but Edwige, could have taken lessons was given little chance to shine in crisp projection from her by the production. Indeed, the domestic staff: the second-act over-riding impression of the duet for Suzanne (Sally Driscoil) evening was that students and The Gishard Helps was deserted before from their more balance needs more careful con- and Toby (Richard Halton) was deserve better from their men-trol for all the felicities of Don one of the few moments worthy tors.

### Tress, and Alan a clerk at the by way of her faith in the League Town Hall. In Act Two we leap forward 20 herself "one of the luckiest years (Priestley didn't foresee women in the world." that this would take us to the These automatic re These automatic reversals of Ian MacNeil.

### Theatre

Cat on a Hot Tin Roof (Lyttelton). Ian Charleson and Lindsay Duncan lead this white hot National Theatre this white air relations thesite revival of Tennessee Williams's play directed by Howard Davies. Eric Purter, absent from the stage for 12 years, is an electrifying Big Daddy. (928 2252)

ing, (379 5107)
outh Pacific (Prince of Wales). Average, traditional revival of the great
Rodgers and Hammerstein musical,
Gamma Craven failing to wash the

Lioyd Wender. (839 2244, CC 379 6131/240 7200)
Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly under-mine an old burlesque reunion in a

(836 2660/4143) apgood (Aldwych). New Tom Stop-pard mixes espionage, romance and higher physics in a splendidly taut

### WASHINGTON

ing melodies. Ends Aug 7. (443

### NETHERLANDS

NETHERLANDS

Amsterdam, Stadsschouwburg. The English-Speaking Theatre of Amsterdam continues its 10th anniversary summer season with two plays: Svarupa's American Gothic, directed by the author, a macabre comedy about a family's reactions as the son-in-law changes unwillingly into a famous comic-book freak (Fri. Sat), and Emerald City, by David Williamson, a humorous look at rivalry and moral decline among Sydney's high-filers (Wed, Thur). (24 23 11)

Opera-za no Entjin (Nissel Theatre)

- better known as The Phantom of
the Opera. Andrew Lloyd Webber's
latest smash-hit strives in Japan in
a production by Harold Prince for
the Shiki Theatre Company which
is a virtual carbon copy of his London and Broadway stagings.

### The charms of Tang

offer — the elaborately coiffed, same subject, and dates from glazed predominantly in cobalt-blue, and apparently unique — went for £66,000.

Thomas Woodward's "The bay

group of wares, probably made in private hands.

record of £605,000. went to a private English collec-A Tang Dynasty court lady of tor for £38,500. The same collector unusual stance and height (19in) also secured, for double the estimore than doubled its unpub-mates, the enamelled Beilby lished estimate by selling for decanter (£6,600), and a pair of £225,000. The smiling figure, flask decanters designed by the draped in a voluminous but sim-draped in a voluminous but simple gown glazed in an unusual At Phillips, the London trade combination of yellow, blue and decided that an early oil painting green charmed the audience, of Harewood Castle attributed to despite the poor condition of her J.M.W. Turner was in fact by the giazes. She was secured by New master. The work, oil on paper, York dealer E.J. Frankel. appears to be contemporary with The other Tang court lady on Turner's 1798 watercolour of the

on target to another New York hunter Old Brush with a chest-dealer, J.J. Lally, for £88,000. Decount mare" found a new home at orative pieces appeared to sell at another unexpectedly high price, premium. London dealer Esken- £33,000. A lively oil landscape azi paid £16,500 for a Jin/Yuan sketch by Gainsborough failed to dynasty polychrome wood figure sell. The sale totalled £361,163, of Guanyin estimated at £6-8,000. with 23 per cent unsold.

Competition between deter- At the Palais des Congrais in mined bidders for unusually Versailles on Sunday, London attractive pieces also forced up dealers Hazlitt, Gooden & Fox prices at Christie's glass sale. An paid FF 7.2 million (around extremely prettily painted \$750,000 with premium) for a opaque glass tumbler, brilliantly small oil on copper by the decorated with a bouquet of flow- Utrecht Mannerist Joachim Wteers and a butterfly, went for wael. "The Age of Gold", signed \$29,700 (estimate £2,500-3,500). It and dated 1605, is one of the last is one of a small, mysterious works by the artist remaining in

### THE DREYFUS INTERCONTINENTAL INVESTMENT FUND N.V.

cross-section of a complete life. is scared of him; Joan has mar-What he does with time, how ried Robin, now a drinking

ways - selfish widowed mother, bachelor solicitor. Mrs Conway daughters Hazel, Carol, Madge now has no carpet on the draw-

young friend Ernest Beevers.
Beevers is after Hazel, who can't bear him, Joan is mad about Robin, just demobilized from the RAF and wearing a uniform unlike any RAF kit I ever saw.

Carol, the youngest, believes that Kay, who wants to write that Kay tells Alan, "PII never write institute to please silly people." Alan and a timid approach to Joan, only to see her fall into the arms of Robin. Beevers is repulsed by Hazel, and Carol that Kay who wants to write that Kay who wants to write that Kay who wants to write the write and the write that the write and the write that the write and the write that th

DECLARATION OF DIVIDEND

At the Annual General Meeting of The Dreyfus Intercontinen ment Fund N.V., held in Curação on May 12, 1988, the Shareholders of the Rund, acting upon the recommendation of the Fund's Board of Directors, declared a dividend of \$0.12 (U.S.) per share to Shareholders of record on May 27, 1988. This dividend is payable on June 14, 1988 to holders of bearer shares upon surrender of Dividend Coupon No. 18 as attached to the share certificate, to one of the offices of the paying banks listed below. This distribution is being made from net investment income.

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# **Arts Guide**

LONDON

years, is an esecutiving as beauty. (928 2352)

The Common Pursuit (Phoenty). Second London chance for flawed Simon Gray comedy about Cambridge graduates in love and publishing. Author directs good, young cast including Rik Mayall and Stephens Pry. (828 2294. C 240 9861)

Basy Virtue (Garrick). Transfer of King's Head revival of early Noel Coward, same period but lesser vintage than Hay Pever, but worth seeing. (379 6107)

South Pacific (Prince of Wales). Average, traditional revival of the great

baritonal Emile Belcourt out of her hair. (839 5989)
The Phantom of the Opera (Her Maj-esty's). Spectacular, emotionally nourishing new musical by Andrew Lloyd Webber. (839 2244, CC 379 6731/240 7200)

life at night is enough to engen- such a stir.

nine an old burlesque reunion in a doomed theatre. (379 5399) Back with a Vengeance (Strand). Barry Humphries, indisponably the outstanding vandevillian of the age, has extended his triumphant London season to July 9. Dame Edna Everage has now exceed full immunity to good taste, while the bibulous diplomat, Sir Lea Patterson, touches new heights of degradation. (336 3650/4143)

and clever entertainment. Felicity Kendal is the eponymous intelli-gence agent, Roger Rees and Nigel

### Travelling on Business? Enjoy reading your complimentary copy of the Financial es when you're staying . . .

. . . in Stockholm at the Hotel Diplomat, Grand Hotel, Lady Hamilton Hotel, Hotel Reisen, Hotel Sergel Plaza, Star Hotel, Strand Hotel, Royal Viking Hotel

. . . in Gothenburg at the Hotel Gothia, Park Avenue. . . . in Malmo at the Garden Hotel

FINANCIAL TIMES

### Hawthorne in elegant support. Double meanings and double identities abound. (835 6404, CC 379 8233)

**NEW YORK** 

Remos (48th Street). August Wilson hit a bome-run, this year's Pullizer Prize, with the powerful tale of an old baseball player raising a family in the 1930s, trying to improve their lot but dogged by his own failings. (221 1211)
Cats (Winter Garden). Still a self-out, Trevor Num's production of T.S. Eliot's children's poetry, set to trendy music, is visually startling and choreographically feline. (239 6282)

6282) A Chorus Line (Shubert). The lon-A Cherus Line (Shuber). The ion-gest-running musical ever in Amer-ica has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre, with its backstage story in which the songs are used as audi-tions rather than emotions. (239

6200)
Les Miserables (Broadway). Led by
Colm Wilkinson, repeating his West Les Miserables (Broadway). Led by Colm Wilkinson, repeating his West End role as Jean Vallean, the mag-nificent spectacle of Victor Hugo's majestic sweep of history and pathoe brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239

starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise its American incarnation: the skaters do not have to go around the whole theatre but do get good exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed popmusic and trumped-up, silly plot, see \$210. (586 6510)

Me and My Girl (Marquis). Even if the ste and my Giri (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated leadenness in a stage full of characters. But it has proved to be a durable Broadway bit with its marvellous lead

### **June 3-9**

# role for an agile, engaging and deft actor, preferably British. (947 0033)

The Sourch for Signs of Intelligent
Life in the Universe (Eleenhower).
Lify Tomlin repeats her Tony
award-winning solo performance of
the crazy people who inhabit her
funny and strange imagination. One
major segment explores the wonen's movement over the past
decade. Ends June 25. (254 3670)

### CHICAGO

Pal Joey (Goodman). Set in Chicago in the 1940s, this Rodgers and Hart classic, directed by Robert Falls, fol-lows the escapades of a classic heat cought between the one who loves him and the rich lady be wants, in

### Saleroom/Susan Moore

A large, rare blue and white London around 1760.

Yuan Dynasty jar in perfect condition, painted with scrolling peonies and lotus, was the surprise star turn at Sotheby's sale of Chinese ceramics and works of art yesterday. Estimated at £250-with stylized flowers. Probably 300,000, it soared to a world proportion of \$605,000.

### **FINANCIAL TIMES**

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Wednesday June 8 1988

# An uneasy compromise

THE FOREIGN exchange mar-kets, like the Grand Old Duke of York, have marched sterling up to the top of the hill and promptly marched it down again. The Chancellor of the Exchequer and the Bank of England, too, having recently indicated a preference of the Exchequer and the Bank of England, too, erence for a lower exchange rate and higher interest rates, must feel grateful for the fickleness of the foreign exchange markets, which has allowed base rate to rise by 1 per cent in a few days.

As Mr Lawson said shortly after sterling floated upward, policy should be judged by actions, not words. So what do his actions tell us? The rule of thumb appears to be that an appreciation (depreciation) of roughly 5 pfennig against the D-Mark triggers a half-point fall (rise) in base rate. The policy has become clearer, but it is not unambiguous. In particular, it cannot be known (and probably the Government does not yet know itself) how hard are the edges on the wide target zone in which it

appears to be operating.
While the balance of policy is closer to Mr Lawson's view than Mrs Thatcher's, it represents a compromise between two sharply defined alternatives: fixed-rates and free-floating. As such, it appeals to the British love of muddling through and the bureaucratic attachment to the greatest possible flexibility.

### Domestic demand

Suppose, instead, that the UK were on a fixed exchange rate. Interest rates would move towards those in the currency to which sterling is linked, probably the D-Mark. Given a higher rate of inflation in the UK than in Germany, there would be a lower real rate of interest. With fiscal policy foregone, there would be no control over the rate of growth of domestic demand, which would depend inter alia on inflationary expectations.

No fixed rate of exchange is the UK and Germany, the diver-gence being larger towards the longer end. Equally, the influence upon decision-makers of the fixed exchange rate would not be

Even joining the EMS, a system of adjustable exchange rates, ernment has made no perceptible cannot generate complete credibility. At the same time, real rates of interest at the short end would appear quite low most of the time. A by-product would to hang policy.

on those parts of the economy on those parts of the economy not subject to competition from abroad, along with expansion of the current account deficit. The policy would become credible, therefore, only if it were first to survive the pressure consequent survive the pressure consequent on its initial lack of credibility. in short, a fixed rate would provide rough and ready control over inflation in the long term, but need not be particularly effective in the short and medium term. Mrs Thatcher and her advisers did, therefore, have a valid case for suggesting an upward float of the pound, along with high interest rates, as the best available means of control-ling what they saw as serious inflationary pressure.

### Their problem is that the inter-

pretation of domestic monetary aggregates has become problem-atic and confused, with believing monetarists in strong disagreement. It is difficult to persuade people that policy is guided by some domestic monetary aggre-gate or other if they think that the aggregate is meaningless and, still worse, suspect that policy-makers think the same.

makers think the same.

With perfectly good objections to both of the clearly defined alternatives, is the broad zone exchange rate policy of the Government the best of both worlds? In one respect, the policy is defensible. It will curb the purely presentative hubbles that are a

speculative bubbles that are a feature of floating rates of exchange. There is, however, a major problem. Under the broad zone policy, too, interest rates are driven by movements in the exchange markets, not by domes-tic monetary conditions, as has been shown in the last four months. But any particular rate of exchange has little credibility, being no more than a temporary

stopping place.
The Government has stumbled on a policy that combines great ever entirely credible. Accordingly, there would be some divergence between interest rates in credible for the combinations of the combination of the co tion of loss of control over domestic demand with loss of the influence of a fixed exchange rate upon costs in industries subject to international competition. Long-term stabilisation of the Government's willingness to react to inflation. Since the Govprogress in the last five years iowards its frequently announced goal of reducing inflation to zero, this is a slender thread on which

# **Broader courses** for sixth forms

THERE IS an obvious weakness in Britain's proposed educational tist, railed against the absurdities reforms. Mr Kenneth Baker, the of the British educational system Education Secretary, is introduc-ing a broad National Curriculum for 5-16 year olds and reforming the universities. But he is failing totally to address the educational needs of sixth formers. Yesterday, an independent committee chaired by Professor Gordon Hig-ginson, the Vice Chancellor of Southampton University, argued powerfully that 16-18 year olds should study five subjects, instead of the two or three A levels now customary. Mr Baker, instead of seeing the logic of extending a broad curriculum report out of hand.

Foreigners must find the British education system quite incomprehensible. The French baccalaureat is a multi-subject exam and candidates typically take seven subjects. In the US High School Diploma, seven subjects, including English, maths, science, and a foreign language are compulsory. The West German Abitur is narrower, consisting of only four subjects but the ing of only four subjects, but the programme of study must include maths or natural science, German and a modern foreign

### Odd man out

Britain is the odd man out. Children in their final years of school study fewer subjects than in almost every other advanced country and are under no obligation to follow a balanced curriculum. The consequence is that very few people, even those who have attended the best universities, can consider themselves puts the case for "leaner, well-educated. The typical arts tougher" A levels and points out well-educated. The typical arts graduate will have studied no maths beyond the age of 16 and may have abandoned science at

the age of 13 or 14. The average tasks that make only limited science graduate will not have studied English literature, foreign languages, classics or history beyond his mid-teens and ask himself what is magical about the age 16: why does a broad curriculum suddenly ceased again may have dropped some of these subjects at an earlier stage.

A quarter of a century ago, C.

in his classic essay The Two Cul-tures. Scientists, he lamented. typically could not write decent prose and knew next to nothing of literature. Arts graduates were barely capable of calculating perbarely capable of calculating per-centages and considered science and technology beneath them. Some progress has been made in the past 25 years. More sixth for-mers study a mixture of arts and science subjects and the intro-duction of less demanding AS levels is encouraging some "scilevels is encouraging some "scientists" to take a subsidiary interest in the arts and vice

### Sensible grounding

The Higginson committee however, is surely right to argue that more vigorous steps should be taken to end premature speci-alisation. How can a system that allows combinations of A levels allows combinations of A levers such as Biology, Chemistry and Physics or English, French and German possibly provide a sensible grounding for 16-18 year-olds? All sixth formers surely ought to study at least five subjects and achieve some balance between the street and achieves. There is the arts and sciences. There is plenty of time for specialisation at university. The argument that a narrow A level course is essen-tial if "standards" are to be maintained is specious. The US, with its broad and relaxed high school syllabus, is hardly short of top scientists, linguists or historians. In any case, as the Higginson

report stresses, broader courses do not entail loss of rigour. It that present courses are padded out with inconsequential information and time- consuming

Andrew Gowers, Tony Walker and Anthony McDermott examine arms escalation in the Middle East

# A deadly race out of control

AS HE struggles to make prog-ress in his efforts to resolve the Arab-Israell conflict, Mr George has sounded the alarm about a disturbing escalation in the

Three recent trends - a dramatic proliferation in the deployment and use of ballistic missiles; the flagrant use of chemical weapons by at least one party to the Gulf War, and a recent leap forward in Israel's ability to target nuclear weapons over long distances - have contributed to unease in Western capitals and in

Ironically, just at a time when the superpowers have exhibited at the summit in Moscow a desire nals, the struggle by the states of the Middle East to acquire new and more sophisticated weaponry appears to have developed a life of its own. It has been encouraged by competition among an increasing range of Third World arms suppliers. In effect, the superpowers are losing their monopoly and therefore their control.

Mr Shultz underlined his concern about these developments in remarks to reporters in Jerusa-lem last weekend: "The prolifera-tion of longer-range missiles and chemical weapons threatens to make future conflicts that much more destructive," he said. "We want to avoid any war that will be unlike any conflict we have seen before, involving more casu-alties and proving harder to con-tain. These realities increase the stakes dramatically for regional parties and lay to rest the notion that time works in favour of

An independent Washingtonbased defence specialist agrees: "The next Arab-Israeli war will not be a matter just of tanks rolling over the Golan (Heights). What we're seeing here is a whole new range of threats."

include:

• Moves by Israel, which is known to have had nuclear arms since the late 1960s, to upgrade its nuclear-capable Jericho mistested a longer range version of the sophisticated medium range Jericho II system, capable of striking accurately at targets as far away as the Soviet Union. (The American attitude towards Israel's development of nuclear weapons was described at a recent conference in Oslo on nuclear arms proliferation as "the three monkey approach -hear, see and speak no evil." A leading American expert on nuclear proliferation has been quoted as saying: "We have be least for those looking furthest ahead — wage bargainers and industrialists, for example.

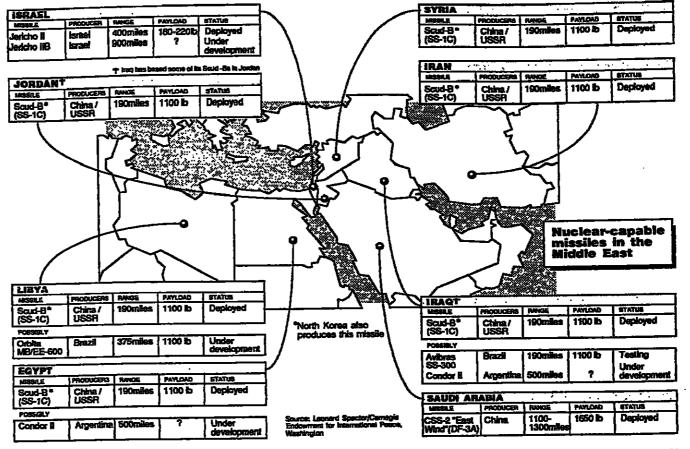
Even joining the FMC.

Long-term stabilisation of the domestic economy now depends simply on a general belief in the Government's williams on the following the FMC. known since the 1960s that more was going on at Dimona—
Israel's nuclear centre—than met the eye. We seem never to have made more than polite efforts to find out what that was, despite evidence that it was the production of nuclear weapons

In addition, there are lears that the region spoke of the virtual inevitability of another Arab-Israel war at the recent conference over into the Middle East, given over into the Middle E

Scud B missiles on each other's capitals. Iraq is believed to have enhanced the missile to bring Tebran within range for the first

Saudi Arabia's acquisition of



as CS-25, inviting israeli intents
of a pre-emptive strike. These tional Institute for Strategic
missiles, though intended as a Studies. deterrent against Iran, have a Arms experts are particularly range of 1,500 miles, and are worried about a number of eletherefore capable of hitting tarments in the latest phase of the property of the latest phase of the property of the latest phase of the latest ph gets as far away as Greece, the

Soviet Union and India.

Chinese missile sales to Iran.

Iranians to produce it. • Egypt's involvement with Argentina in the production of a and at no time since the First Egypt. long-range ballistic missile, designated the Condor II, with a range of about 750 km. Brazil has sold smaller conventionally armed missiles to Libya and Iraq, both of which are believed to harbour nuclear ambitions. Brazil is also well on the way to producing lon-ger-range missiles capable of being fitted with nuclear warheads. Egypt is also collaborating with North Korea in the produc-tion of an improved Scud B. The development by Syria. which has been supplied by the Soviet Union with Frog, Scud and SS-21 missiles, of a significant chemical warfare capability.

In addition, there are fears that

states have been striving to match Israel's military superiority since well before the 1967 war and the region regularly vies with Asia as the biggest spender on defence in the developing world. In 1986, a year of recession megonations stretching back to the Eisenhower era. There was much concern at the conference not just with the spread of nuclear weapons, but also with the access to missile delivery systems and chemical

China's DF3A surface-to-surface for Arab states, the Middle East missiles, known in Washington and North Africa spent \$63bn on as CSS-2's, inviting Israeli threats defence, according to the Interna-

Arms experts are particularly accelerated technological devel-First, the nearly eight-year-old

including the Silkworm surface to-ship missile. There are US intelligence reports that China has also sold Iran its version of the Scud B, and even licensed the transact to produce it been launched against civilians
- until the "war of the cities" -

Third, the change in the pat-tern of suppliers has altered the political stakes. The old relation-

ships between the superpowers and their clients - typified by those which have long bound the Soviet Union and Syria, and the US and Israel - are being eroded by the emergence of powerful

Third World arms exporters such as China, Brazil, Argentina and North Korea and by the growth of indigenous arms industries

### The fear is that the spread of missile technology will bring closer an Arab-Israeli nuclear arms race.

World War have chemical weapons been used with such fre-

Second, the new escalation coincides with deepening pessi-mism about the possibility of a comprehensive Middle East peace settlement and continuing severe political strains in the Arab world. A number of experts on material.")

This year's "war of the cities" in which fran and Iraq have rained versions of Soviet-made rained Versions of Soviet-made states have been striving to states.

Sporadic attempts by the superpowers to restrict the flow of arms to the Gulf war combatants have intensified this pro-cess, which in turn has made the conflict itself less susceptible to outside influences.

The role of China - like the other new suppliers a country without a significant political stake or even a coherent policy important. Its military modernisation drive and its hunger for foreign exchange have propelled

The best illustration of this was the Saudi acquisition of Chinese "East Wind" missiles which followed years of mounting irrita- current build-up will have pro-

warfare weapons, described by one delegate as "the poor man's nuclear weapon."

Third, the change in the pattern of suppliers has altered the tion in Riyadh at the failure of its American ally to deliver on important requests for arms. The US, though highly critical of the Saudi deal, was hardly in a position to do anything about it tion to do anything about it. Likewise, Israel's protests against the missile sale were ironic since Israel and China are co-operating extensively on military technol-

ogy.

The Soviet Union, for its part, has shown distinct signs of con-cern about Israel's Jericho II, issuing public warnings on Moscow radio after the testing of the longer-range version last summer. Once again, this is a missile beyond the superpowers' control, developed by Israel's own highly-advanced arms indus-

in both Washington and Moscow the fear is that the spread of missile technology in the Middle East will destabilise the Middle East will destabilise the existing "balance of deter-ence" and perhaps bring closer a nuclear arms race, between Israel and its Arab neighbours. One American arms expert

said that although Iran, Iraq and Libya are many years away from acquiring nuclear weapons, they would unquestionably seek to adapt the missiles they now pos-sess for nuclear delivery "should they ever cross the nuclear

option, the dangers are becoming acute. For as well as being able to carry nuclear warheads, the newly-acquired missiles in the Middle East give their owners the nave turned increasingly to suppliers like China when attempts one to devastating effect. In this to acquire weapons from traditional superpower sources have been frustrated. two types of weapon.
One leading American scholar told the Oslo conference that the

found effects on thinking in Israel's defence community. "Israel will come to rely far more heavily on its nuclear deterrent - possibly in a declared mode possibly in a declared mode—in reaction to the continuing acquisition by the Arab world of ever larger and more sophisticated arsenals of conventional arms and weapons of mass destruction, both chemical and later nuclear," he said.
 He warned that in the absence of substantial progress towards a

of substantial progress towards a negotiated settlement of the Arab-Israel conflict "highly de-Arab-Israel conflict 'highly de-stabilising events' could occur in the next few years as Israel tries to prevent Arab nuclear develop-ments — along the lines of its bombing of Iraq's part-completed Osirak nuclear reactor in 1981. Recently the West has been seeking to control the transfer of sensitive missile technology. In April last year, seven industria-

sensitive missile technology. In April last year, seven industrialised nations agreed on a Missile Technology Control Regime (MTCR) that aimed at stopping the proliferation of equipment and technology that might contribute to the production of unmanned nuclear delivery systems.

The new regulations are aimed at slowing the development of missiles capables of hitting a tarmissiles capables of nitting a taiget the size of a small city from a
distance of 300 km, or further,
and which are capable of carrying warheads of 500 kg or more.
Significantly, this distance was
specified to ensure the inclusion of missiles used in the Middle East where key capitals are set

close together. However, it is acknowledged in arms control circles that the introduction of the MTCR is "too little too late". For one thing, companies from countries such as West Germany, France and as west terminally that a signatories to the regime

have collaborated extensively either directly or through subsidiaries with Third World missile

producers like Argentina. Furthermore, enforcement of the regime poses big problems since it is difficult in practice to distinguish between military and civilian uses of the technology transferred. An additional weakness of the MTCR is its limited membership — naither the Seviet membership – neither the Soviet Union nor China or other Third World missile producers are parties to the agreement, although Moscow has agreed to consider

The failure of multilateral efforts to bar the use of chemical weapons, and the weakness of the nuclear Non-Proliferation Treaty, further underline difficulties faced in applying arms con-

trol measures. In the Middle East, the dangers posed by an unrestrained arms build-up, accompanied by an accelerated transfer of sophisticated new weapons technologies warring states, will only be lessened by progress in resolving the region's seemingly intracta-ble political problems.

"If the regional arms race continues, the chances are high that the new weapons some day will be used in anger," commented Geoffrey Kemp, a former National Security Council adviser to President Ronald Reagan. "The tragedy is that no one takes events in the Middle East seriously until it is nearly too

### Boot begins to fit

■ The Denver Boot may not have: proved the universal deterrent it was designed to be when it was introduced in London five years

ago. . In spite of the £25 fine for a clamped vehicle and a £12 parking ticket, some companies believe it is worthwhile to have their employees covered by a

clamping recovery service.
One operator, the Car Clamp Recovery Club, with about 3,700 members, feels confident enough to advertise in the press this week for the first time.
Operations director Constan-

clamped car, or £51.45 if you want it chauffeured back. Companies or fleet-holders pay £300 a year. Tsoflias said: "We are used by major companies, estate agents, solicitors, doctors with private." practices and several hotels." Clamping is on the increase. The Metropolitan Police had 111,032 clampings in 1987, a rise of 77,762 on the previous year due to the recruitment of private contrac-

Department of Transport begartment of fraingort studies have found that clamping has cut illegal parking in London by almost a half but the AA points to an elite of habitual offenders which the authorities cannot reach, and it would like the clampers to be more selec-

The AA used to be against clamping but it has had a change of heart. A spokesman said yes-terday: "Our members tell us now they think it is a good

### Phone now

# **OBSERVER**

We suggest that you try it. A good deal of experience suggests that after a week or so you will get an introductory booklet which holds out the promise of additional information if you call 200 1992 again. Then comes another copy of the same booklet. Somebody clearly isn't ready.

Yankee cheer

One of the least-noticed changes in international affairs the decline of anti-Americanism in Latin America. One says that largely from anecdotal evidence Operations director Constantine Tsoflias said that newspaper advertising reached a wider audience than sticking leaflets on clamped cars. His club charges a first membership for the service with the additional charge of sa4.20, inclusive of fines, per serviced car or \$51.45 if you want be cited to show that American policy has not much changed over time.

Yet changed it has. On the whole, the Americans go for easwhole, the Americans go for easing out the more unpleasant Presidents rather than shoring them up. In Latin America itself in the 1950s and America itself in in the 1960s anti-Americanism was almost a cult and the heroes were Che Guevara and Fidel Cas-tro. Today one hears very little of all that.

Some more substantial evi-

dence of the change in attitudes has now been produced. A paper prepared for the annual conference of the World Association for Public Opinion Research in Toronto last month notes that more than half of the Argentinians surveyed now believe that their country's relations with the US are either good or very good. In 1984 the figure was one in five. There has also been a striking ise in those who regard the maintenance of good relations with the US as important. Confidence in the US is at its strongest among executives, professionals and - this is the big change -



"I'm not for hanging — I feel it's too good for them."

Quantum theory

by a US bank.

Last month he took on the Bank of England. Krieger was behind the currency trading of The number to ring for information about 1992 and all that so well publicised by the Department of Trade and Industry — is ment of Trade and Industry — is 200 1992.

Last month he took on the Bank of England. Krieger was behind the currency trading of George Soros's Curacao-based Cilley of the Catholic University Quantum Fund, which was

rumoured to have bought more

Now Krieger is back again. He is setting up his own "trading and philanthropic" activities through his newly-formed Karma Foundation, which will put its money into "educational and socially responsible endeavours". Despite its name, the Foundation will not be involved in mysticism or theology, Krieger says. He claims to have won promises of capital worth about \$%bn

■ Baroness Elliot of Harwood

In March it seemed as if

Andrew Krieger had already enjoyed his Warholian 15 minutes of worldwide fame. But the world's most daring currency options trader keeps sneaking back.

Until January, the 32-year-old Krieger was just another highly-paid trader manning the phone lines in the currency dealing room at Bankers Trust. By April, when he resigned, he had become the world's most famous foreign exchange trader, credited with the \$338m currency profit the bank reported for the fourth quarter of 1987 - the higgest quarterly trading gain recorded

than \$1hn worth of sterling on one day two weeks ago, when the Old Lady was at the peak of her exertions to restrain the pound's

Tory rebel

from around the world.

whose determination and vigour belie her 85 years, has marked her return to Westminster after recovering from a recent accident by championing the cause of the nursing profession and voting against the Government.

Lady Elliot described how she had spent two months in the care of the NHS — "I thought I would never experience that in the course of my life" — and said she course of my life" — and said she

course of my life — and said site could not speak too highly of its treatment of "ordinary people like myself".

In taking the rare step, for her, of going into the lobby against the Government she highlighted the concern in all parts of the House over the refusal of Ministers to guarantee that at no stage will student nurses be subjected to the full rate of the community

charge or poll tax. Lady Elliot first came into national prominence more than 30 years ago when, as chairman of the National Union of Conservative Associations, she presided over the Brighton conference which is best remembered for the bell ringing exploits of Lord Hall-

Final kick

Sign on a cigarette machine machine fails to operate, please

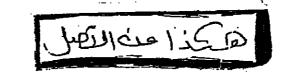
# "THERE **ALTERNATIVE**"



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IN THE PAST decade the West European artificial fibres indus-try has responded to economic pressure by moving upmarket into higher value products with high-tech applications. The price has been high. Capacity has been cut by a quarter and \$0,000 jobs have been lost.

But has it all been enough? In the face of mounting import penetration and static demand from the local textile industry, the European fibre producers are bracing themselves for a further phase of restructuring. "In 1988 there is still too much

capacity and there are too many players," says Mr Alan Pedder, managing director of the fibres division of Imperial Chemical Industries, the UK chemicals giant. "So the process of rational-isation which went on in the late 1970s and early 1980s will con-tinue in the late 1980s."

The industry expects, over the next few years, to have to cut its annual output of some 3m tonnes by between 10 and 25 per cent. The larger companies — which include many of Europe's big chemicals concerns, such as Akzo of the Netherlands, Hoechst and or the Netherlands, Hoechst and Bayer of Germany, ICI and Courtaulds in the UK and France's Rhône-Poulenc — may soon be embroiled in another round of reorganisation. Many smaller companies, meanwhile, are likely to disappear.

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Today the West European fibres industry, which employs about 90,000 people, has an annual turnover of about 15tm. The bulk of its output goes to the European textile and clothing industry, although the produc-tion of high-tech fibres for gen-eral manufacturing has become

increasingly important.
Until the 1970s the industry flourished. But in that decade it faced the parallel problems of increased competition from the fledgeling fibre producers of the Far East and a series of economic crises which sapped demand from the European textile indus-

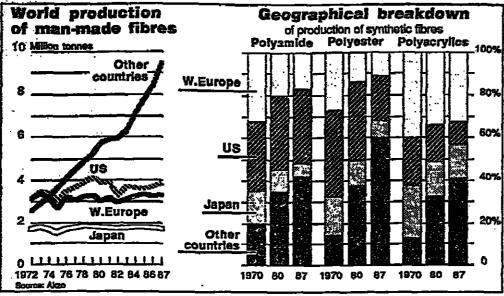
try
The producers responded by cutting capacity, mainly as a result of European Commission initiatives. This has led to individual companies concentrating on specific product areas. As a on specific intuities access in compared with 15 per cent are result the number of players in years ago.

But the cost of remaining compared with the cost of the cost of remaining compared with the cost of the

together win sinkhem and more have been forced to spend large tedison which are soon to be sums on research and developmenged into a giant Italian chemment and new plant, pushed icals concern, are the largest producers in acrylics. Polyester is the European textile manufactur-dominated by Hoechst, Akzo and ers.

The Parack Court Simplesty the Shree industry. Rhone-Poulenc. The French com-pany is also big in nylon, as is ICI. Chemistaser Lenzing of Aus-tria dominates the cellulose sec-ICI cites the example of women's

### **EUROPEAN MAN-MADE FIBRES**



# A long, hard road ahead

By Peter Marsh and Alice Rawsthorn

new fibres - which finish up in refine their products, and have items as diverse as parachute thus increased the necessary harnesses and conveyor belts - level of investment. Hoechst's account for a tenth of the indus- fibres division spends about 3 per

Hoechst has been among the on new production plant, higher leaders in targeting the more speration than in many other sectors cialist areas of fibres. These of chemicals. grades of material now account for about a third of its European will make it more difficult for the fibres output of some £700m, smaller fibre producers – those compared with a fifth in 1980, with output below a minimum of Similarly, roughly a quarter of 125,000 tonnes – to survive. They Rhôme-Poulenc's £700m a year of will be unable to secure the econ-European fibres production is provided by industrial grades, compared with 15 per cent five years ago.

Thus Courtailds and Bayer, fibres is high. The producers together with Enichem and Monhave been forced to spend large

tor, together with Akzo.

These groups have not only cut tended to be of 20 denier (the capacity within conventional textile fibres; they have also diversified into higher-value, technical they will be 10 denier.

try's volume production but a cent of turnover on research and quarter of revenues. development and some 7 per cent

The need for higher investment

capital expenditure," says Mr Harold Beaufoy, non-executive chairman of Courtaulds Fibres. "Eventually the smaller players will be forced to pull out. This will leave a few large players in

each product area."

The likeliest scenario is that the smaller companies will be Last autumn ICI attempted to effect such an amalgamation by bidding for Norddeutsche Faser-

fibres, which are are less exposed to low cost competition. These the need for fibres producers to new fibres — which finish up in refine their products, and have items as diverse as parachute thus increased the necessary investment. ICI, meanwhile, had the resources to support it, and was keen to develop its position

within nylon.

The acquisition made a lot of sense for both sides," says Mr Pedder. Unfortunately for ICI, the West German authorities disagreed. The Federal Cartel Office blocked the deal, arguing that it would have given ICI too great dominance in the German nylon

Other small producers in Europe which could succumb to takeover from the big concerns include Vomvix of Greece and Spain's Nurel, both of which produce polyester and nylon.

These problems are com-

pounded by the inherently poor growth prospects of the European textile industry. The outlook for textile production in Europe is, at best, pedestrian.

Werner International, the texabsorbed within larger concerns. tile management consultants, forecasts that fibre consumption within the European Community will grow by 1.2 per cent a year until the end of the 1990s. This veva, the West German energy and chemicals conglomerate.

Norddeutsche Faserwerke is a profitable business with an interest of the world.

Norddeutsche Faserwerke is a profitable business with an interest of the world.

In the long term. The process of rationalisation, which has been a them of the fibre business for many years, is certain to continue.

There are already signs of forthcoming capacity cuts within conventional textile fibres. The forthcoming merger of the bulk chemical interests of Montedison and Enichem in Italy could remove a sizeable chunk of capacity from acrylic. Similarly, Rhone-Poulenc is considering

Conversely some fibres are experiencing an upsurge in demand, as the \$200m expansion programme for Lycra announced yesterday by Du Pont of the US, illustrates.

Yet the principal problem facing the European fibre producers is the continuing rise in imports. The slide in the dollar has made it easier for Far Eastern, and to a lesser extent US, producers to export their fibres to Europe. And it has weakened the industry's customer base, the European textile companies, which themselves face a surge of low cost imports from the Far East.

According to Professor Jean-Louis Juvet, director-general of CIRFS, a Paris-based trade association for the fibres industry, the profits of West European compa-nies last year were reduced by roughly £100m as a result of the import surge. Most producers, expect the reduction in profits to continue this year. A few compa-nies, like Rhone-Poulenc and Bayer, could make losses. Some of the immediate pres-

sure on the industry could be lifted as a result of the current anti-dumping investigation by the European Commission. This may lead to the imposition of import duties on fibres sold in Europe from a number of countries, such as Mexico, Taiwan, Turkey, Yugoslavia, South Korea and the US. And the industry should benefit, in the short term, from the recent rise in the price of natural fibres, such as wool. Such developments could pro-vide a fillip for the fibre industry, but will scarcely be sufficient to allay its longer term problems of continued exposure to low cost imports and the apparently inex-

orable rise in investment levels.

Although all the fibre producers face an uncertain outlook, the prospects vary from sector to sec-

• Cellulose, where the production cuts have been biggest, is seen as a declining material with little room for growth in any application
• Polyester and nylon, both of

which lend themselves to technical applications, have relatively good prospects.

• Acrylics producers face a

more difficult future, largely due to the high level of imports. As Mr Beautoy of Courtaulds puts it: "The simple fact that we all face is that demand will fall in

**British Rail** 

# Privatise it – but do not split it up

By David Sawers

Rail - a corporation that is currently aiming to cut its annual loss, expressed in 1986 prices, to £555m by 1989-90 - must appear eccentric. But it is conceivable that, apart from the country routes that form its "Provincial Sector", British Rail could be profitable within the next five years — as long as all goes well with BR's plans, economic growth continues and there is the political will to see fares rise on commuter services. British Rail and the Government therefore regard privatisation as a policy that might be implemented in the mid-1990s.

BR's Provincial Sector, which serves country areas, covered s than a third of its costs in the financial year 1986-7; the Inter-City sector, the main line express services, covered 87 per cent of costs, while Network SouthEast, the commuter services in south-east England, covvices in summess England, cov-ered 81 per cent of costs. The Inter-City services are now intended to operate without sub-sidy, while the subsidy for Net-work SouthEast is intended to

In addition to the three "ifs" which will determine whether BR is profitable enough for a sale to be conceivable, two more condi-tions would have to be met for a sale to be possible. The govern-ment would have to:

close down most of the provincial services or devise a means of subsidising them that would be acceptable to a commercial con-

 devise a framework in which commercial railway companies could operate successfully, and in which the interests of travellers have an effective monopoly. In effect, this means on commuter compete with car, bus and aerovices, perhaps in conjunction plane; and BR has only 7 per cent of the market for passenger travel in the country as a whole, although it may be nearer 20 per cent for journeys of the market for passenger travel in the country as a whole, although it may be nearer 20 per cent for journeys of the country as a whole although it may be nearer 20 per cent for journeys of the country as a whole although it may be nearer 20 per cent for journeys of the country as a whole although it may be nearer 20 per cent for journeys of the country as a whole although it may be nearer 20 per cent for journeys of the country as a whole although it may be nearer 20 per cent for journeys of the country as a whole although it may be nearer 20 per cent for journeys of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nearer 20 per cent of the country as a whole although it may be nea

to be brave enough to challenge the rural lobby and the railway enthusiasts, so that wholesale closure is improbable - however justifiable it may be on economic

Privatisation would, therefore, require a method of paying a private operator to run unprofitable services which satisfied both the local populace and the operator that the subsidy would be adequate and durable; and which satisfied the Treasury that the government was not going to be stung. The former requirements imply that legislation would have to guarantee that the govern-ment would consider supporting any service that the operator considered unprofitable - in Net-work SouthEast and Inter-City as well as the Provincial sector and that this support would be long-term. The latter requirement implies that the subsidy required by the operator would have to be justified to the government, which would probably create more work than the present regulation of BR as a nationalised

The concept of a subsidy for services which an operator did services which an operator did ning on the same track are more not want to run means that the likely to interfere with one grant would be related to individestablish that the subsidy was same route. reasonable would mean that the government would have to sat-

The London commuter services are the only part of BR that would require regulation after privatisation; they have few comcould operate successfully, and in petitors, so that fares can be which the interests of travellers increased, and the quality of service protected where railways vice decreased, without much loss of traffic. An equivalent of Oftel (the Office of Telecommuni-

BR believes that the railway only the gullible would believe unit, but the government is that the Provincial sector of BR examining ways of dividing BR.

system should be sold as a single would help to free resources for more productive uses.

The author, formerly Director of

Communications are an exercise to a specific production

TO SUGGEST privatising British year. But ministers are unlikely independent companies operating trains.

A geographical split could not create any direct competition, although it could provide com-parisons of efficiency, operating methods and technology. But the units would be relatively small; their profitability is likely to vary; and the company with the most commuter services would be heavily influenced by govern-ment regulation. Their saleability is therefore likely to vary as well while the most interesting assets for investors - urban property might be difficult to divide evenly among several companies.

The concept of a separate track

authority and competing operating companies is an ageing favourite among academic economists. It assumes that several companies will be willing to buy or lease trains and operate them in competition on the busier routes, just as airlines or bus companies compete. Unfortu-nately for this dream, a train costs more than a bus; a second-hand train is less easy to sell than a bus or an aeroplane, especially in a country that has a different loading gauge from the rest of Europe; and trains runanother than buses using the ual services; and the need to same road or airliners using the

Both these schemes for divid-ing BR would be more likely to isfy itself about the attribution of reduce the chances of selling the costs and revenues to these ser-vices. organisation and to increase its costs than to create competition and improve efficiency. In prac-tice, the form in which BR could be sold is likely to be determined by what the market will buy, rather than by the government's

> If BR is sold as a single unit, the benefits would not be large, but they are worth having. Living in the private sector would encourage BR's management to improve efficiency and discourage the government from promoting inefficiency. It would have to specify every uneconomic service that it wanted BR to retain. This publicity should discourage the government from subsidising grossly uneconomic services; it

could be made profitable; after This split could be geographical, Economics in the Department of all, revenues covered less than a into routes, or horizontal, into an Transport, is an economic consulthird of the sector's costs last authority owning the track and tant

### **Farming** protected

From Mr P.G.M. Grieg. Secretary of State for Trade and industry, has rightly decreed that "competition makes industry stronger and that is why we will

not put up barriers to coal imports." Why then is the farming industry, particularly cereals and sugar beet, almost completely protected? (For instance, it seems unlikely that the taxpayer will be asked to pay miners handsomely for not mining coal, at the same time as paying them at least three times the world price for the coal that they produce.)
The answer is that the real

power and influence remains with the wealthy landowners and you do not find many of them down the mines. Philip Greig. Bridge Farm,

Swindon, Wiltshire

# It is indeed a

tragic spectacle'

From Mr Peter Palumbo. Sir, Within the cosy confines of an academic ivory tower, from which the inhabitant views the world at large with imperious authority, through the wrong end of a telescope, it is all too easy to

Letters, June 6) and his coterie. Egalitarianism. To be weathy
Sites in the heart of the City of
Sites in the heart of the City of
Was (and is) to run the great danLondon do not grow on trees: the
special system, which I have been obliged to invoke, is enshrined as of grace.

Again, the Holy Trinity certainly tells us of the importance in time and resources is an inevitable consequence.

Again, the Holy Trinity certainly tells us of the importance of loving relationships, but it is

Again, the Holy Trinity certainly tells us of the importance of loving relationships, but it is

Again, the Holy Trinity certainly tells us of the importance of loving relationships, but it is

Again, the Holy Trinity certainly tells us of the importance of loving relationships, but it is

Again, the Holy Trinity certainly tells us of the importance of loving relationships, but it is Peter Palumbo, 37a Walbrook, EC4

### Letters to the Editor

### Losers still look likely

From Mr Bernard Tennant.

inconsistency in the Govern-inconsistency in the Govern-ment's arguments of principle on into force. There would seem to into force asset ratio was as high as 30 per cent in 1986.

mnerent unfairness in expecting one sector of the ratepaying community to make up for the shortfall created by granting concessions to another. From our own discussions with ministers we have been pleased to note that some concessions have been granted to businesses which face substantial rate increases resulting from the first revaluation in however, that the Government has not accepted responsibility for funding the transitional costs.

Mr Nicholas Ridley, the Envi-

Sir, John Hunt's article (June 3) highlights a certain amount of inconsistency in the Covern ers should balance out the "los-

ing from the first revaluation in cost of its omissions. 14 years. We are still aggrieved, Bernard Tennant,

Lord Caithness points to the inherent unfairness in expecting one sector of the ratepaying com.

Into force. There would seem to be some inconsistency between the views of Lord Caithness and inherent unfairness in expecting one sector of the ratepaying com.

Into force. There would seem to be some inconsistency between the views of Lord Caithness and inherent unfairness in expecting one sector of the ratepaying com.

We have the control of the ratepaying com.

What is not so clear is the bonus philosophy of various life companies, not only between generations of policyholders but also between different managements. Indeed this is a grey area and an additional problem that intermediaries have in deciding between financial strength on one hand and the bonus payment philoso-

# From Mr John Stott. The Old Dutch House, Sir, As an ordinary Anglican I equal. More: the Three Persons 134 High Street, are of course sinless. Human Dorking, Surrey loyd (June 3) by the Diocese of beings in their social relation.

Material need is not the point

am not as impressed as John City: Theological and Moral of sin.

not a model for human society. 3 Kennedy Gardens, The Three Persons do not aspire Sevenoaks, Kent

Lloyd (June 3) by the Diocese of beings in their social relation-Winchester publication, Faith in ships cannot evade the brute fact

Challenges.

It seems characterised by sloppy thinking and iname theology. What we have is a collection of non sequiturs. Christ's teaching that grace and forgiveness ing that grace and forgiveness and forgiveness. When the people of the process of the present the prese

# Reversionary

From Mr W.N. Anderton. Sir, It was interesting to read Eric Short's article about the cut in National Mutual's reversion ronment Secretary, has informed ary bonus rate and their view that reversionary bonuses will, in the future, become more volatile (May 28). This cut was especially interesting as the much maligned

phy on another. W.N. Anderton,

# The Incarnate Word indeed From trains to

remain in ignorance of the realities of life, and this is indeed the tragic spectacle of Mr Girouard nothing whatever about material assumed that Christ had come to the galitarianism. To be wealthy meet their material needs they stress in the heart of the City of was (and is) to run the great danwere firmly rebuked (John will mean that in future most its next director of finance. My friends have asked whether this will mean that in future most programmes will be late, half the advertised length, and that we shall have to stand to watch

Tring, Hertfordshire

### 'Many do not earn much more than financial journalists'

From Mr D.A. Beall.

higher fees for any worthwhile US and Canada, service. You have only to look at in my experi

AND STREET STREET

higher fees for any worthwhile service. You have only to look at what they already charge for accepting stock, holding, delivering and collecting dividends.

Nor is it true that members of the Stock Exchange in general have been paying themselves too much for private client business for the last two years or so. (Admittedly, in the halcyon days

From Mr D.A. Bealt.

Sir, Lex's references to ANZ with the massive turnover and and Capel-Cure (May 28) should the absurd prices paid, particularly be allowed to go unanswered, and the generalisation that private client stockbroking will simply end up in the banks or local stockbroking will simply end up in the banks or local stockbroking will simply end up in the banks or local stockbroking will simply end up in the banks or local stockbroking will simply end up in the banks or local stockbroking will simply end up in the banks or local stockbroking will simply end up in the banks or local stockbroking will simply end up in the banks or local stockbroking will simply even as high as 1.65 per cant chance of being street banks or local stockbroking will simply even as high as 1.65 per cant chance of being beaten by the index. Perhaps there clients also noticed that investing in investing in investing in investing at the 75 yard mark in a 100 yard race. There is an ever growing number of portions.

of institutional commissions, industry, either in or out house, presence because, with modern

# Q. WHY IS A BOMBAY **BUS TICKET** WORTH \$10,000?

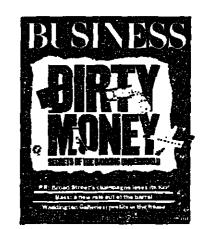
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# FINANCIAL TIMES

Wednesday June 8 1988



# Kennedys mourn a time when anything was possible

ACROSS the Potomac in Arlington Cemetery, on a bill overlook-ing the nation's capital, 10,000 Americans gathered on Monday evening to remember Bobby Ken-

nedy.
The occasion was the 20th anniversary of Kennedy's assassi-nation on June 6, 1968 when, moments after delivering a vic-tory speech in the California presidential primary, he was gun-ned down in the kitchen of a Los Angeles hotel.
It was also the eve of the 1988

California primary when another man from Massachusetts, Governor Michael Dukakis, was expected to emerge as the new Demo-cratic presidential candidate, a curious twist of fate which lent historical symmetery to the occa-

The ceremony was called "A Mass of Remembrance and Rededication," a chance for friends, campaign hands and the Kennedy family to pay tribute to Bobby who, like his brother Pres-ident John F. Kennedy, was cut down before he reached his

Bobby's widow, Ethel, had planned the anniversary ceremony for months. It was a tasteful affair, mixing black gospel music with a sombre rendering of Schubert's Ave Maria by singer their father's famous speeches: These were the words and images of the 1960s. And yet the passage of time has taken its toll. Where Bobby once preached that Bobby Kennedy won the Demo-anything was possible, today the

THE OBSTACLES to improved Sino-Soviet relations are dimin-

ishing" and next week the two countries will discuss the key



Remembrance of things past: Joseph (left), Ethel and Edward Kennedy com the 20th anniversary of Bobby's death in a ceremony at Arlington

Andy Williams. Only towards the end, when Mr Williams, bespecta-cled and looking a lot older these

Soviet support for the Vietnam-

ese occupation is cited by Peking as the most serious of three

relations, with the Soviet inva-sion of Afghanistan and the mass of Soviet troops on the Chinese

end, when Mr Williams, bespectaend, when Mr Williams, bespectaded and looking a lot older these
days, sang "When Irish Eyes are
Smiling," did the tears begin to
fall.

Each of Bobby's 10 surviving
Children read out extracts from
the state of the same are children to the state of the same are children to the same are

would prefer this year to next.

The Soviet minister expressed concern about the recent clash

decline whose power is circum-scribed by economic forces beyond its control. Such talk may be much exag-

gerated, but it has led the Kenne-dyites in recent weeks to engage in a burst of nostalgia, to pose

Gorbachev meet again before the

US President's term expired.

Watergate scandal would there fore never have happened. As a result, Jimmy Carter would never have been elected Presi-dent in 1976, and Ronald Reagan would never have made it to the White House in 1980.

This presumes a great deal, not least that Bobby would have beaten Hubert Humphrey for the Democratic nomination after his upset victory in California. But it reflects a yearning among Americans for the ideals which Bobby embraced as he blazed a trail of righteousness during the 1968

The difference today is that the Democratic Party's spokesman for the dispossessed is no longer the patrician's son from Hyannisport but a black civil rights preacher from Chicago, the Rev Jesse Jackson. And while Mr Jackson has roused the crowds in 1988, he is about to concede defeat to Mr Dukakis, a man who preaches "good jobs and good wages" and emphasises a limited role for America in the wider

For all the moral intensity aroused on Monday evening, the overwhelming impression was of a time long past and a nation's innocence long since lost.

# Nestlé extends Rowntree

Announcing acceptances in respect of just 68,000 shares, or 0.03 per cent of Rowntree's equity, Nestlé chose to keep the stock market guessing and extended its original 890p offer for another fortischt.

Shaken by Palme Crisis

Continued from Page 1

Today there are two factions inside Sapo battling for supremacy – the right-wing "black rose" group which is suspected of having close connections with the IIS

shaken by Palme Crisis

Swedish book publisher with a previous career in journalism, politics and central government. On my behalf he handles certain government with the IIS

extended its original 890p offer for another formation. At this level, the bid has no hope of succeeding. The shares, down 5p to 1,035p last night, still reflect hopes of a second bid at a level high enough to doom the chances of Jacobs-Suchard, a On my behalf he handles certain purpose the provided its original 890p offer for another formation. At this level, the bid has no hope of succeeding. The shares, down 5p to 1,035p last night, still reflect hopes of a second bid at a level high enough to doom the chances of Jacobs-Suchard, a On my behalf he handles certain picture of the provided its original 890p offer for another formation. At this level, the bid has no hope of succeeding. The shares, down 5p to 1,035p last night, still reflect hopes of a second bid at a level high enough to doom the chances of Jacobs-Suchard, a Drive delicate fact-finding microscopic provided its original 890p offer for another formation. At this level, the bid has no hope of succeeding. The shares, down 5p to 1,035p last night, still reflect hopes of a second bid at a level high enough to doom the chances of Jacobs-Suchard, and the provided its original 890p offer another formation. itched its ow 950p a share. Nestlé declined to comment in

any detail on the range of options any detail on the range of options open to it. "The main job is to shut up", observed Mr Francois Perroud, Nestle's press and infor-mation officer in Switzerland. action at the moment".

The Swiss company's silence induced a flurry of speculation in the London stockbroking commu-nity, with analysts arriving at wholly contradictory conclusions as to its game plan.

According to some, Nestle's

inertia yesterday is a prelude to a bout of action later in the week when Suchard is due to publish its offer document Alternatively, the silence is said to mask behind-the-scene

talks between all possible permu-tations of the three parties. Some believe that Nestle and Suchard are in the process of organisation in Sweden after a series of internecine murders.

The PKK theory was the firm willing to sell its 29.9 per cent

holding in Rowntree. Others speculate that Nestlé and Rown-tree are set to announce an agreed deal at up to £12 a share. Despite pressure for an agreed bid from the trade union representing 6,000 of Rowntree's 13,000-strong UK workforce, Rowntree is formally maintaining that it wishes to remain inde-pendent and has made a series of

### Seven killed as South African strike wavers

Claims by the National Union of Mineworkers that up to 40,000 miners stayed away from gold, diamond, chrome, platinum, coal and other mines and facilities were dismissed by the mining

The NUM reported a 100 per cent response by workers at de Beers diamond mines at Kimber-ley, Finsch, and Koffiefontein. The union also claimed a similar outcome at the Thubatse and Lydenburg chrome mines and at Rustenberg platinum refinery. Claims that the stayaway had

increased on gold mines were denied by the mining houses. Anglovaal and Gencor reported full attendance as workers at Gencor's Grootvlei gold mine, hit by a 50 per cent stayaway on Monday, went back to work. Several coal mines remained strikebound, however, as did the country's seven car assembly plants and many engineering and other THE LEX COLUMN

# Clearing Giro the easy way

If the Government had wanted to be really adventurous in its plans to turn up the competitive heat in the UK retail banking market, it should have merged its Girohank with the sleepy National Savings organisation, and hired a handful of high-fliers from Amer-ican Express to run a £40bninsti-tution to stir up the cosy world of the major clearing banks. Instead, it has decided to take the easy option and auction off the business in the hope that some business in the nope that same unwitting building society or for-eign bank will pay far more than it should for one of the weakest members of the UK banking com-

the company still deserves its metal-basher rating of about 10 times prospective earnings. The most it should for one of the weakest members of the UK banking community.

On paper, the 20-year old Girobank has always had plenty of potential. With 2m customers and over 20,000 outlets, which are open much longer than most fligh Street banks. Girobank likes to call itself the sixth biggest clearing bank in the UK. In addition, it has an efficient money transmission business and handles a lot of cash for the corporate sector, all of which should make it attractive. Unfortunately, it has some disadvantages. Its customer base is concentrated at the lower end of the social spectrum, its traditional corporate money transmission business is threatened by the move away from cash, and it has to sell many of its products over the company which it does not control. If clearing bank queues are bad, try waiting in line at your local post office.

The plan is that the new own-

office.

The plan is that the new owners will pump in extra capital and products, and the rejuvenated business will give the clearing banks a run for their money. Maybe this concept will work, but as yet there are no obvious examples of similar financial hybrids in other countries. The bank itself is probably worth around net asset value of \$2100m, but valuing the Post Office connection is another matages, it is hard to see how the Government can do anything more than throw it in for a token consideration. But then there are always financial institutions can really interested would have more money than they armings growth of barely 10.

While this might add up to a p/
the financial promises it made at the financial promises it m have more money than they earnings growth of barely 10.

Oxford Instruments

year. For the City to have expec-ted an appalling year for profits was only realistic; to have feared worse was probably more nerves

than prudence.
But if Oxford provokes more
than its share of the jitters, it has
probably earned them: what used
to be its key business, magnetic
resonace imaging, has been
allowed to fade from around £9m

operating profit in 1985/87 to less than nothing last year.
That is not the same as saying the company still deserves its metal-basher rating of about 10.

all else, seems to have been temmave more money than they know what to do with.

Oxford Instruments

Relief is a powerful stimulant

Swapping names that mean something with initials that mean nothing is a deplorable practice, yet it is easy to see why Metal Box wants to drop a name earnings growth of bares or bares growth of bares or bares are the same of businesses under the Norcros umbrella but they may well be justified if the group can maintain its 15 per cent per despite news that earnings per share had nearly halved last target.

### countries will discuss the key issue of Kampuchea, Mr Igor Rogachev, the Soviet deputy Foreign Minister, said yesterday. Mr Rogachev, who briefed Chinese officials in Peking on the US-Soviet summit, said a Vietnamese plan to withdraw 50,000 troops from Kampuchea was an border making up the three. Mr Rogachev said the obstacles have been "diminishing by them-US-Soviet summit, said a Viet-namese plan to withdraw 50,000 troops from Kampuchea was an important "new situation". Chi-nesse and Soviet officials are to discuss the issue at a regular round of normalisation talks next week in Moscow. The later said that Deng Xiaoping had appar-ently made clear that if there was to be a Sino-Soviet summit in the near future, for health reasons he viet summit, but had hoped that broadened dialogue at a proposed the event "could have achieved "cocktail party" of interested more" in arms reduction. Chinese groups next month in Indonesia, officials told him that they would although who will attend is still like to see Mr Reagan and Mr unclear.

Peking-Moscow obstacles 'diminishing'

Stockholm's confidence shaken by Palme crisis

> ing close connections with the US Central Intelligence Agency (CIA) and Israel's Mossad, and the left-wing "red rose" group which is linked to the Government. This civil war has made it more difficult for the Government to use Sapo effectively.

The competence of Sapo and the police was brought into serious question by their often-bungled attempts to solve the Palme murder, which were sometimes so ludicrous that many wondered whether they could really be acci-

The escape last October of Stig Bergling, a convicted Soviet spy, precipitated the downfall of Mrs Leijon's predecessor at the Jus-

tice Department.
She was appointed to restore confidence in public authority, so it seems all the more extraordinary that she should have taken the extreme step of sanctioning a private investigation into the Palme murder without the approval of senior cabinet col-

Mr Ebbe Carlsson had no evident qualifications to act as a policeman and he was funded by Mr Tomas Fischer, a private financier (the tax implications of which are being looked into, as

underline Egypt's importance as you might expect in Sweden). the predominant Arab military Furthermore, Mr Carlsson's bodyguard was caught redpower in the region in spite of its suspension from the Arab handed trying to snuggle bug-ging devices into the country. League. Mr Shultz, on his four-day iging devices into the country, supposedly for the freelance operation. The finger of suspicion for the tip-off is being pointed at Sapo, to discredit Mr Carlsson and, ultimately, the Government.

The naiveté of the normally sensible and cool-headed Mrs Leijon in this affair was cruelly exposed in her letter of recomshuttle, has made no attempt to exaggerate his achievements. saying at one point that progress could be measured in inches. Since he arrived in the region last Thursday he has held incon-clusive talks in Israel, Jordan cussions yesterday with President Hospi Mubarak before leavexposed in her letter of recom-mendation, written in English and published in the Swedish press, which Mr Carlsson was have limited value in preparing the ground for the next Administration due to take office in January. However, these observers note that any new Administration is likely to take some time to

uthority. Mr Ebbe Carleson is a Swedish state.

very delicate fact-finding missions in connection with the mur-

der of the late Prime Minister

"On my authority Mr Carlsson has contacted you through inoffi-cial (sic) channels to try and confirm some information regarding the background to the murder. We believe your Service possuch information.

"As Mr Carlsson is not only an old personal friend but also has experience in this field, I can guarantee that he will handle any information given to him according to your instructions as regards confidentiality, etc. He will also be able and authorised to answer any of your questions in this case."

Mr Carlsson was reported to be

investigating whether the Marx-ist-Leninist Kurdish Workers party (PKK) was responsible for Palme's death - a group that was being treated as a terrorist organisation in Sweden after a

favourite of Mr Hans Holmer, the police chief who headed the Palme investigation for the first 11 months until he resigned after several flare-ups with the public prosecutor, who did not believe that the PKK was involved.

Mr Carlsson is a close friend of Mr Holmer, now working for the United Nations' anti-drugs agency in Vienna, and some lieved his freelance operation could have been an attempt to vindicate the PKK theory.

In the shadowy undercover world which haunts the Palme inquiries it is even being suggested that the whole PKK theory was simply being used as a front behind which Sapo and the police were to be investigated.

nquiries. Dated May 4, it reads nation. Like Irangate in the US, it threatens to expose far more "To the relevant British about the darker side of the

### Whatever the truth, it seems unlikely that the Leijon affair will end with the minister's resig-Continued from Page 1 supposed to present to British military intelligence in his Palme inquiries. Dated May 4, it reads

French press ERM policy

ernment has just spontaneously exchange rate stabilisation pol-reduced its national exchange icy. controls, it is not clear how much bargaining power they have."

He conceded, however, that several member states agreed in that the liberalisation of capital general that the moment of truth was approaching for the British policy of keeping one foot inside by a harmonisation of national the EMS and one out. Moreover, taxes on savings and portfolio the Commission's proposed directions. the Commission's proposed directinvestments,

threats from the French. "I have tive on the liberalisation of capiheard quite a lot of sabre-rat-tiling." he said, "but when you the need to take account of the remember that this French Gov- impact on the Community's

A second concern of the

# NEWS

BUSINESS

### Marquardt wins **US** contract The Marquardt Company, now part of Ferranti Interna-

tional, has secured a contract from the Sargent Fletcher Company, El Monte, California, to supply ram-air tur-bines for an air-to-air refuel-

bines for an air-to-sir refuel-ling system.
The Marquardt Company of Van Nuys, California is a leader in the design of ram-sir turbines. A unique feature of the Marquardt turbine is the capability to feather, and stop rotation in flight, reducing its drag effect. This facility ena-bles the tanker sircraft itself to conserve fuel when the sys-tem is not in use.

### Bright colours

Ferranti Defence Systems has taken the lead in the race to develop a practical colour display for use in military aircraft. The display enables electronically generated map images, together with a radar data overlay if necessary, to be presented in full detail in bright cockpit conditions bright cockpit conditions.
Flight trials by the Royal
Aerospace Establishment,
Farnborough, of a full colour
Beam-Index colour Cathode
Ray Tube (CRT) are now underway.

Briefly...

Marathon Oil has awarded a contract to Ferranti Subsea Systems for a subsea control system at the Central Brae Smiths Industries Acros-

pace & Defence Systems has ordered a Ferranti Business Communications digital telephone exchange.

### -ADVERTISEMENT ---

Laben leads EVA study

ISC Laben has recently announced acceptance of a proposal for Extra Vehicular Activity (EVA) Man Machine Interface by the European Space Agency (ESA). The project will be led by ISC Laben with subcontractors Akastel, the European Data Relay British Aerospace and MBR/ERNO. The company is also negotiating participation in studies for EVA Data Handling and Communication. ISC Laben is a Ferranti International company and a leading member of ESAs Star Consortium.

The Milan-based company is currently playing a key role in several other ESA programmes including the in-orbit

COMMUNICATIONS

### Gas connections

British Gas East Midlands (BGEM) has awarded the Communication Systems The associated multiplex generation of Ferranti Industrial Electronics a turnkey contract for the supply, installation, integration and commissioning of its new digital trunk communications system. The contract will be executed in three consecutive phases over a 30 month period and will provide BGEM with digital trunk comnections between 20 sites throughout the region. The network includes microwave radio relay systems to other gas regions and electricity boards, for overseas contracts and in volume to Mercury Comunications.

FERRANTI INTERNATIONAL selling technology

Ferranti International Signal pic — the merger of Ferranti pic and international Signal & Control Group PLC.

Egypt's leader left Cairo for a focus on difficult issues such as meeting in Baghdad with Presi-

Palestine Liberation Organisation leader Yassir Arafat (left) greets King Hussein of Jordan in Algiers, where they are attending an emergency Arab summit meeting

Little sign of optimism as

Shultz peace shuttle ends

tary of State, ended his fourth his talks with Mr Shultz. Western peace shuttle to the Middle East officials noted that Mr Muharak's

dent Saddam Hussein soon after

flying visit to the Iraqi capital coincided with the start in

Algiers of an emergency Arab

summit from which Egypt, because of its peace treaty with

The officials saw the visit to Baghdad as part of an attempt to

Israel, is excluded.

MR GEORGE SHULTZ, US Secre-

yesterday, leaving no reason for

optimism that progress towards resolving the Arab-Israel dispute

was in prospect.

Mr Shultz is not expected back

in the region soon although he

did say in Cairo: "I certainly hope

that I will have another crack at

the Middle East during my ten-

ure as Secretary of State."

The Shultz initiative, which

envisaged quick progress towards

limited Palestinian self-rule in

the West Bank and Gaza to be

accompanied by direct Arab-Is-rael talks on the final status of

the territories, appears to be one of the less memorable interven-

tions in the tangled diplomacy of

The US official had further dis-

ing Egypt. Mr Mubarak said he had asked Mr Shultz to "keep

shuttling more and more,

because this problem built up

over more than 40 years cannot

be solved in one, two or three

World Weather

FOREIGN INSTITUTIONS TO BE ALLOWED TO BID FOR UK'S SIXTH LARGEST BANK

# London set to privatise Girobank

BY DAVID BARCHARD IN LONDON

GIROBANK, the British Post to buy Girobank.

Office's banking subsidiary which ranks as the sixth largest would be allowed to bid: "I would UK bank with more than 2m customers, is to be privatised this autumn. Mr Kenneth Clarke, Minister of Trade, yesterday told the House of Commons.

Girobank is already a limited ists. ompany and will be sold by anction to the highest bidder. A flo-tation of new shares on the Stock system in 1968 but has grown

Director-General of Fair Trading would be considered, it was April 1987, its total balance sheet unlikely that the four major stood at £1.6bm. Pre-tax profits clearing banks would be allowed

Intel and

computer

venture

Siemens in

INTEL, the US semiconductor

manufacturer, and Siemens of West Germany, yesterday

announced the formation of an

important computer joint ven-

The new company, called Riin, will build "mission-criti-cal" computer systems in both the US and West Germany and

will be owned on a 50:50 basis

by the two companies.

The companies said that
BilN would address an estimated \$40hn market for com-

puter systems at the core of business operations, such as the on-line transaction systems

used by banks and airlines.

turing systems used in factory automation, and patient moni-toring systems used in hospi-

Pinancial details of the joint

Financial details of the joint venture were not released. The companies also declined to comment on the projected size of Brin; but indicated that they saw it as a major new business opportunity combining the technology and resources of both companies.

Resources of both companies.

Bith will operate as an independent company and will be headed by Mr Joseph J. Kroger, formerly vice chairman of Unisys. Mr Kroger was president and chief operating officer of Sperry before its merger into Unisys in 1986. The appointment of such a

appointment of such a

appointment of such a high-level computer industry executive to head Bill is seen as a strong indication of the determination of Stemens and Intel to build a leading new force in the computer industry. World headquarters for Bill will be in Hillsboro, Oregon, with European headquarters in Nuremburg, West Germany, Bill will begin production in the US and Germany before the end of 1988 using existing facilities owned by the two

facilities owned by the two parent companies.
Intel and Siemens have a

long-standing relationship involving technology exchange and licensing agreements going back for almost a decade.

Intel's strengths lie in its microprocessor technology, which is at the core of the current boom in personal computers and computer workstat-

Siemens's high level mem-ory chip production technol-ogy could provide an impor-tant component of the joint

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なべ 計説施士書

be quite content for a foreign financial institution to apply to buy Girobank, and to go through the same hoops as any British bidder," Mr Clarke told journal-

Girobank was originally estab-Exchange as in earlier privatisa rapidly in the past eight years. It tion operations will not be necessis unique among the major British banks in that it operates sary. ish banks in that it operates
Mr Clarke indicated that almost entirely through the
although bids from any institution which obtains the approval
of the Bank of England and the
The Canaral of Fair Trading
E100m (\$180m). In the year ending

by doing so. He made it clear that the Gov-

ernment intended to ensure that transactions.

the sale increased competition in the banking sector as well as obtaining a good price for the bank.

Sir Bryan Nicholson, Post Office chairman, yesterday said Post Office Counters and Girobank had signed a five-year

price which Girobank might on the number of shares which fetch but analysts put it between can be held by a single owner, shown and 1300m — a price tag because the sale by auction will which would place it within the range of a wide number of poten-

Mr Clarke said Girobank had reached the stage when it was ready to go into a private sector environment and would benefit by doing so.

tial purchasers.

One key point will be Girobank's future relations with Post Office Counters, another Post Office subsidiary which handles almost all its over-the-counter

The hope is that a short-list of rolling contract for an undis-idders bank will be drawn up by closed sum under which the this hidders bank will be drawn up by the middle of September and that arrangement would continue.

Unlike the earlier privatisation of five-year a final decision will be taken in
October so that the sale will be
completed by the end of the year.
There is no indication of the
There is no indication of the

# Court backs Eastern Air over right to sell shuttle operations

EASTERN Air Lines, the struggling, heavily unionised subsidiary of Texas Air, the biggest US
airline holding company, yesterday won an important round in
its long legal battle with the power in the protracted negotiainternational Association of tions designed to reduce EastMachinists and Association of the power costs towards the

A Federal Appeals Court Texas Air's non-unionised airline struck down an earlier injunction The IAM, which is Eastern's struck down an earlier injunction The IAM, which is Eastern's infinings in the case. The Appeals Court told Judge New York to Washington and Boston air shuttle operations to another, non-unionised subsid-nance mechanics, was to have injunction against the shuttle Boston air shuttle operations to another, non-unionised subsidiary of Texas Air. The sale of the brone the brunt of the wage shuttle was a key component in the controversial industrial relations strategy pursued by Mr Frank Lorenzo, Texas Air's chair-

Machinists and Aerospace Work-ers.

A Federal Appeals Court

Texas Air's non-unionised airline. had failed to make proper factual The IAM, which is Eastern's findings in the case.

sale was warranted and it gave the IAM 10 days to seek a new temporary restraining order to hold the shuttle deal. charging that it would conflict hold the shuttle deal.
with an earlier injunction that Lorenzo wins round in battle

# **Pritzkers in Pacific hotel move**

brone the brunt of the wage reductions. It challenged the sale

of the shuttle in the courts,

barred Texas Air transferring

THE PRITZKER family of the US, According to a William Hunt the borrowings.

which owns the Hyatt Hotel statement, Pritzker family inter-William Hunt said that as part

registre Austrana-based Southern ham think will retain the remainPacific Hotel Holdings, according ing 67-per cent.

The company said the pursers and an international placement.

The publicly listed Hong Kong chase would be financed partly
investment company announced through syndicated term and
in March that it had agreed to working capital loans being to purchase about A\$40m worth
buy the privately held hotel arranged by the Hongkong Bank of shares when the company

chain, will join Hong Kong's Wil- ests have agreed to buy 33 per of the Southern Pacific transactian Hunt Holdings in purchast cent of Southern Pacific, and Wil-ing the Australia-based Southern ham Hunt will retain the remain- 2.4bn new shares through an

chain from Tan Sri Khoo Teck
Mr Anil Thadani, managing makes the offer.

Puat, the Malaysian entrepreneur director of Hong Kong venture wanted by the authorities in Brucapital company Arral & Partner.

At the time, William Hunt said William Hunt, said the loans may it was looking for a partner to help cover the A\$540m (US\$429m) purchase price.

Mr Anil Thadani, managing makes the offer.

Mr Thadani said the share issue would raise between HK\$1.2bn and HK\$1.4bn (US\$99.3m). He said the company would use the proceeds to finance part of the Southern purchase price.

# Thorn plans new Holophane bid

BY GEORGE GRAHAM IN PARIS AND CLAY HARRIS IN LONDON

THORN RMI, the UK electronics because this would damage and entertainment group, plans to launch a new bid for Holophane, the French lighting equipment and industrial glass manutation of shares is "irrevocably" committed to a rival offer from Emess, a smaller UK lighting company.

because this would damage minority shareholders' interests this would put more than FFr8 Holophane and interest in the Europhane subscited to a rival offer from ments may be more moral than legal."

Emess and its bankers, S.G. planned to make pany the springth

Although previous French case law appears to allow such irrevocable commitments, Thorn's adviser, Lazard Freres, believes that acceptances cannot be irreversible during an offer period, have to top the Emess offer by at

The new offer is expected to be warburg and Credit Commercial launched within the next few days. Thorn's advisers hope they will be able to unravel the accep-

This would put a total value of more than FFr833m (\$144m) on Holophane and the 13 per cent interest in the French group's Europhane subsidiary held by

Mr Michael Mever, Emes chairman, said in Paris that he

days. Thorn's advisers hope they will be able to unravel the acceptions and family shareholders speaking for 57 per cent of Holophane's capital.

The merger of Emess would allow the two companies to sell into each other's markets, since Emess's predominantly domestic lighting range do not overlap with Europhane's commercial fit-

tings, he said. Thorn and Emess have signalled that they might sell Holo-

French legal contest, Page 24

# Hartley resigns as head of Unocal

BY JAMES BUCHAN IN NEW YORK

MR FRED HARTLEY, the pugnations head of Unocal who became a standard-bearer for America's management class in its battle against Wall Street's corporate raiders, is resigning as chief executive of the West Coast oil company in 1964 and built it up to be America's 12th-largest utive of the West Coast oil company he has headed for 24 years.

The decision to step down which was announced with typical brusqueness from Unocal's fight off a fierce three-month

The decision to step down, which was announced with typical brusqueness from Unocal's Los Angeles beadquarters late on Monday night, appears to take pany from Mr. T. Boone Pickens, from the day-to-day running of the Texas raider. In management forums all over the US and in testimony before Congress, Mr. Hartley castigated traceurs cartainly thought so year.

trageurs certainly thought so yesterday morning, driving up Une-

the raiders such as Mr Pickens as "financial barbarians" who were cal stock a sharp \$1% to \$38% on destroying. American business. big volume amid hopes that the To some, he was a hero, defending price.

To some, he was a hero, defending jobs and assets against the high price.

To some the was a hero, defending jobs and assets against the high price.



Fred Hartley, Leaving Unocal after 24 years

high price.

Mr Hartley, 71, will be replaced became a symbol of the tenguis by Mr Richard Stegemeier, 60, the managers will go to protect their jobs and perks.

Though Unocal survived, the battle crippled Unocal when it will remain as chairman for the took on more than \$4hn in debt took on more than \$4hn in

"You simply then start increas-ing the credit capability of the company and you'd invite another one of these two-bit bums from New York to raid the

In the past year, Unocal's pro-fessional stockholders have become restless with the company's falling profits and weak share price. The company earned only \$181m on sales of \$9.39bn largely because of its \$450m in interest expense. It is losing mar-ket share in California to Atlantic Richfield. On Wall Street, there has been growing speculation that its West Coast refineries might interest British Petroleum, which has large reserves of Alaskan crude oil.

But Value Line, the New York stock-rating service, summed up

### **WR** Grace fertiliser unit sold for \$263m

By John Wicks and Our

W. R. GRACE, the US chemi-cals and natural resources conglomerate, is to sell its Bartow, Florida, phosphate fertiliser operations to a con-sortium of investors for about \$263m in cash. The phosphate operation employs some 600 people and has annual sales of

about \$300m.
The consortium, GP Acquisition, is controlled by the Cayman-based North Atlantic Group and the US company Tendler Beretz Associates. The North Atlantic Group is con-trolled by Mr Tito Tettamanti. the Lugano lawyer who until recently headed a group of dis-sident sharebolders of the Swiss engineering company

Grace said completion of the deal, expected during the third quarter, was subject to govern-ment approval, third-party consents and the completion of financing. The price would be subject to reduction for any debt assumed by the buying

group.
The deal includes the Bartow phosphate complex, the Hooker's Prairie phosphate rock mine, a 50 per cent interest in Fort Meade Chemical Products, an ammonia terminal in Tampa and other related

Grace says that if the sale was completed it would have substantially achieved the sale of its agricultural chemicals business, which it announced last year. It also appears that Grace will not need the full \$221m loss reserve it established in 1986 to cover operat-ing and divestment losses.

Grace says that, except for a multiplant ammonia complex in Trinidad which it operates with the Government of Trinidad and Tobago, it expected to sell remaining agricultural chemical facilities by the end of 1988.

# Plot takes new twist in Spanish banking merger

This follows news yesterday that Cartera Central, a joint ven-ture linking the domestic property company Construcciones y Contratas(ConyCon) and the Kuwait Investment Office (KIO) and the single biggest shareholders in Banco Central, has started buying Banesto shares with a view to holding the whiphand when the two banks finally

The move by Chartera Central, per cent of Central's stock.
a company controlled by Mr
Alberto Alcocer and Mr Alberto
Cortina, the wealthy ConyCon
in BCC and Cartera Central's known as the Banco Espanol Central de Credito (BCC).

and Banco Espanol de Credito have not talked to them ing in Banco Central. (Banesto). (Banesto) we are open to a dia. The decision to be

Since the middle of last week Chartera Central has acquired 2 per cent of Banesto stock for an estimated Pta 6.5bn (\$57m) and is seeking "at least" a further 2 per

per cent owned by ConyCon and 48.8 per cent owned by Torras Hostench, the domestic company and main KIO investment arm in

owners who are popularly known as the "Albertos", has prompted strongly into Banesto in order to speculation about who will even increase its shareholding in the Banesto's chairman and, with tually win the battle for the newly emerging BCC to a clearly

entral de Credito (BCC). approved a capital increase, met favourable to the Cartera Central A ConyCon official said yester-equally by ConyCon and the KIO raid.

THE PLOT has thickened in the day that Chartera Central was interests, worth Pla 20bn. This banking merger between Spain's making in principle a friendly had been seen as a preparatory two largest banks, Banco Central bid for Banesto and although we move before increasing its hold-

The decision to buy instead into Banesto with the aim of acquiring a psychologically important 10 per cent stake indicates an aggresive turn on the part of Cartera Central which seemingly clashes with the strategy mapped out by Central's chairman, the ageing Mr Alfonso Ecamez and by Banesto's Mr Mario Conde, the 39-year-old wizz-kid of Spanish banking.

Mr Escamez's relations with the "Albertos" and with Cartera despite their shareholding in the bank they were not consulted about the merger with Banesto.

some 6 per cent of its stock its bank. The new bank is to be dominant 10 per cent. largest shareholder at the end of known as the Banco Espanol Cartera Central recently last year, is less than likely to be carteral Central Contral largest shareholder at the end of

# Du Pont to boost Lycra output

meet growing demand from the hosiery and, more recently, in international textile industry.

The investment is intended to increase the manufacturing canacity for Lyrra by 70 per cent capacity for Lycra by 70 per cent by the end of next year.

next five years.

Lycra is the brand name for surge in demand.

Mr Salim Ibrahim, director of Mr Salim Ibrahim, director of Salim nant position in the international elastane market,

the next 18 months to increase en's foundationwear, such as corproduction of Lycra, its elastane sets and bras. Since the late 1960s fibre, throughout the world to it has been used for swimwear,

from the established underwear and swimwear markets, has It will be the first phase of a ensured that producers - such larger spending programme as Du Pont and Bayer of West a joint venture in Japan, aimed at doubling capacity in the Germany, its chief European This year Du Pont interest five years. competitor - have experienced a increase its Lycra capacity by 25

eight or nine months.

DU PONT, the US chemicals Originally elastane was used as in demand in the next few years group, plans to invest \$200m in a substitute for rubber in won- and has decided to expand its capacity.

The first phase of expansion will be concentrated on Du Pont's US and European elastane plants - at Waynesborough in Virginia.

Dortretcht in the Netherlands and Maydown in Northern

It will also cover its other elastane plants in Canada, Brazil, Mexico and Argentina, as well as This year Du Pont intends to

per cent. the elastane fibre developed by
Du Pont in the 1950s. It is produced from eight plants around the world and holds the dominant position in the international electrons around the manual position in the international electrons are also around the manual electrons are also around the manual electrons are also around the manual electrons around the manual electrons are also around the manual electrons around the manual electrons are also around the manual electrons are also around the manual electrons are also around the manual electrons around the manual electrons are also around the manual electr ight or nine months.

It anticipates a further increase

in the five years from 1997 to 1992.

JUST TWO WORDS FOR THOSE WHO HAVEN'T YET MADE IT TO 100 YEARS.

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### **RECORD RESULTS**

Summary of Results	1987 £m	1986 £m	% increase
Group turnover	144.4	131.7	9.7
Profits before tax	2.7	1.3	103.2
Earnings per share	27.2p	15.3p	77.8
Dividend per share	11.0p	8.0p	37.5
Dividend cover	2.47	1.91	29.3
Net assets per share	232.2p	200.8p	15.6

"We are now in a position to embark on a period of controlled expansion by acquisition." J Malcolm Barr, Chairman

Copies of the Report and Accounts can be obtained from: The Company Secretary, 21 The Calls, Leeds LS2 7ER

# INTERNATIONAL COMPANIES AND FINANCE

George Graham on a potential clash between regulatory practices and a foreign takeover

# French bid procedures snare Thorn-EMI

ond in the French lighting market through its subsidiary, Europhane – appears destined to fail.

This is because shareholders speaking for 57 per cent of the company's capital have irrevocably committed their holdings to the offer of Emess. Thorn's rival in the UK lighting market. Emess's FFr793.5m (\$136.8m) bid topped the first Thorn offer by 22 ted themselves irrevocably to per cent.

As far as Emess and Warburgs is some nuances. Rombas's replease that ive, like all the other members of the Holophane board, voted in favour of the Emess bid, as they had earlier voted in favour of Thorn's first bid.

UAP refused, however, to join the institutions and family shareholders, speaking for 57 per cent of the capital, who have committed themselves irrevocably to Emess. Mr Michel Berthezene, director of investment at UAP.

Emess. Mr Michel Berthezene,
As far as Emess and Warburgs
and CCF, its bankers, are concerned, that is that. Many Paris
lawyers and bankers not involved
in the bid share this view. But
Thorn and its adviser, Lazard
Freres, are pursuing the line that
nothing is irrevocable in a bid
Deriod. They argue that allowing
Lazard against CCF. The two period. They argue that allowing Lazard against CCF. The two one bidder to stitch up control in have established themselves at

offer. Mr Aimery de St Mars, The two have faced each other chairman of Holophane, says: repeatedly in the last 12 months "Don't come and tell me that the in bids for Prouvost, Martell,

THORN-EMI, the UK electrical minority would have been stuck group, is about to launch itself with an offer 22 per cent lower."

The attitude of UAP, France's leading insurance company and takeover procedures.

Any increased Thorn bid for holophane — which ranks second in the French lighting market through its subsidiary Rope, resentative like all the other procedures.

advance damages minority share the head of the French market, holders by preventing their not necessarily in the number of access to a higher bid.

Holophane's management is the developing techniques of firmly committed to the Emess merger and acquisition.

minority shareholders are not Benedictine, and Télémécanique. defended. Emess needed a capital All the hottest French takeover increase to fund the offer, so battles have set the discreet part-irrevocable acceptances were nership headed by Mr Michel indispensable. If the majority had not committed themselves, the privatised commercial bank not committed themselves, the not committed themselves at the discreet part-has not yet created a comprehensive body of case law.

Inversity, nowever, and has not yet created a comprehensive body of case law.

One of Paris's most experiment buy-by the recent management buy-by the recent management buy-by the recent management buy-by the recent management buy-by the electrical address in future modifications to retailer, where the advance comprehensive by the recent management buy-by the r



acquisition techniques

chaired by Mr Michel Pebereau.

Once again, the lack of clarity in the infant French takeover code has become apparent. Takeovers have increased rapidly in the last three years with a record 18 public takeovers in 1987 and another seven bids so far this year. This is a relatively modest level of activity, however, and level of activity, however, and

indicated that it did not consider invalid irrevocable engagements

made during the bid.

But this judgment never went to the French supreme court, and some senior French lawyers believe the point remains to be established.

The Commission des

specialists says: "The law is feeling its way. Practically every bid and French institutional shareing its way. Practically every bid and French institutional shareing its way. Practically every bid and French institutional shareholders left other investors with no choice but to accept the price
offered, which many felt was on
the low side.

managed to find a fair mix between the interests of the shareholders and allowing companies to defend themselves."

Case law does exist in the area of irrevocable acceptances. In 1986, in the takeover battle for Radar, the supermarket chain, the Paris commercial count ruled that the launching of a public bid did not invalidate previous irrevocable engagements, and even orable engagements, and even indicated that it did not consider

The deal was questioned as a possible technical breach of stock exchange procedures, but Seagram insists that the finance ministry eventually accepted that its agreement was perfectly legal.
Officials simply refused to give
the approval Seagram needed as
a foreign investor unless it
agreed to make a full bid.

The Commission des Operations de Bourse (COB), the French stock exchange regulator, was particularly unhappy about the decision, and called for "a clear position to be rapidly established on these protectionist pacts, which are tending to become generalised." No such clarification has yet emerged.

The same lever could theoretically, be applied in the Holomann case since Emess also requires finance ministry approval. Thorn has already received the go-ahead for its earlier offer. It seems unlikely, however, that the new Finance Minister, Mr Pietre Beregovoy, will cert inclined to intervene, especially since the Emess bid has the full support of Holophane's management.

The procedural point, however, the procedural point, however. The same lever could, theoretically, be applied in the Holo-

### Colgate sells French nappy unit

COLGATE-PALMOLIVE, the US household products group, has completed its withdrawal from the nappy market with the sale of Larochette, its French subsidary, to Mr Rene Coativy.

Mr Coativy, who is chief executive of Compagnie Générale des Papiers, the packaging company, will take over about 17 per cent of the French nappy market with Larochette's Tendresse and Cal-

The share follows producers such as Peaudouce, recently taken over by Moinlycke, the Swedish group, Procter and Gamble with Pampers, and Celatose, the leader in the retailers' own brand market.

Colgate said the group had been disengaging from napples worldwide.

The sale of Larochette balances its recent purchase of the Cotelle household cleaning product brands in France from Henkel of West Germany, which it feels fits better with its overall parachemical product range. Larochette sells about FFr450m

(\$77.5m) worth of nappies a year as well as some FFr100m of banleave Colgate's French sales at about FFr3.7bn.

# Gucci chairman welcomes new shareholder

stake in Gucci by Investcorp, the international investment bank that acts as a conduit for private Arab investment in Western

The Guccl chief was responding to the first communication she had received from investcorp since the company's identity as a mystery buyer was disclosed on

Mrs Martellini said at Gucci's the business in the future." executive offices in Milan that she looked forward to meeting Mr Paul Dimitriuk, the Investcorp pany, but the Bahrain-registered

operating companies.

The buying from members of the fend-ridden Gucci family was

done in secret in the past eight months by Morgan Stanley International in London. A total of around £75m (\$135m) has been spent by Investcorp so far.

Investcorp is, however, hoping to acquire more shares in Gucci around £75m (\$135m) has been spent by Investcorp so far.

Investcorp is, however, hoping to acquire more shares in Gucci around £75m (\$135m) has been somether to acquire more shares in Gucci around £75m (\$135m) has been somether to acquire more shares in Gucci around £75m (\$135m) has been somether to acquire more shares in Gucci around £75m (\$135m) has been found from America, the US distribution Paolo, Giorgio and Roberto Gucci around £75m (\$135m) has been somether to acquire more shares in Gucci was acquired from Faolo, Giorgio and Roberto Gucci ment bank at present owns 33 per izio Gucci.
cent of the US company, which had 1987 sales of around \$150m investcorp is understood to have already held talks with Mr Dimitriuk, speaking from the US, described Investcorp's triuk said yesterday he was

MRS MARIA MARTELLINI, the court-appointed chairman of the Gucci luxury goods and fashion house, yesterday welcomed the purchase of a 47.8 per cent equity stake in Gucci by investcorp, the securities who has masterminded the acquisition of minority share-flay and Chaumet, the luxury and outstanding growth potential." He also said investcorp was expects to have an alliance with operating companies.

Investcorp, which also owns Tifenty and Obsumet, the luxury and outstanding growth potential." He also said investcorp was expects to have an alliance with operating from members of the Gucci family whose 50 per with the other shareholders and the court the company's current operating the court of the Gucci family whose 50 per with the other shareholders and the court operating the court of the Gucci family whose 50 per with the company's current operating the court of the Gucci family whose 50 per with the company's current operating the court of the Gucci family whose 50 per with the court operating the court of the Gucci family whose 50 per with the court operating the court of the Gucci family whose 50 per with the court operation family and Chaumet, the luxury and outstanding growth potential." He also said investors was seeking a "long station of the Gucci family whose 50 per with the court operation family and Chaumet, the luxury and outstanding growth potential." He also said investors was seeking a "long station of the Gucci family whose 50 per with the court of the Gucci family whose 50 per with the court of the Gucci family whose 50 per with the court of the Gucci family whose 50 per with the court of the Gucci family whose 50 per with the court of the Gucci family whose 50 per with the court of the Gucci family whose 50 per with the court of the Gucci family whose 50 per with the court of the Gucci family whose 50 per with the court of the Gucci family whose 50 per with the court of the Gucci family whose 50 per with the court of the Gucci family whose 50 per with the court of the Gucci family whose 50 per

interest in Gucci as "a long-term "closely monitoring Mr Gucci's investment in a company with an legal proceedings."

### Suez chief rejects charge of 'political shareholders'

BY IAN RODGER IN TOKYO

core shareholders were selected invited to become core shareholdfor political reasons.

Mr Renaud de la Geniere said
in Tokyo yesterday that the core
shareholders, selected when the
inon-French groups held 30 per group was privatised last Octo- cent of the core shareholdings, ber, were chosen because of their and French nationalised compa-long-term relations with the bank nies held almost another 10th. dages and dressings. The addi-tion of the Cotelle operations will or because of their business

THE CHAIRMAN of the Compage Finance Minister, has charged nie Financière de Suez has that when some leading French rejected charges by France's companies were privatised last Finance Minister that the group's year, political friends were

or because of their business Mr de la Geniere is in Tokyo to otential.

Mr Pierre Beregovoy, the present the Suez group to Japanese institutional investors.

# Norwegian oil groups in talks over US terminal

The three companies confirmed yesterday that they were in talks with Columbia Gas, the terminal's owner. The terminal, one of Point, Maryland, on the east

NORSK HYDRO, Statoil and Saga reserves of 3,000hn cubic metres Petroleum of Norway may and hopes to supply LNG to the between them acquire a half- US by the end of this century. share in a US liquified natural gas (LNG) receiving terminal.

on a gas marketing survey in the US for Statoil and Norsk Hydro since 1985, has been asked by the Norwegian companies to particionly three in the US, is at Cove Point, Maryland, on the east Several other international

coast.

The deal would represent a significant breakthrough for Nor- Gas over a stake in the Cove way, which has proven gas Point terminal.

### PAN-HOLDING SOCIETE ANONYME

LUXEMBOURG

The annual general meeting of share-holders, which took place on May 30, 1988, approved the accounts for the year 1987.

The unconsolidated profit and loss account shows a net profit of USD 57,231,884. After the transfer to the continguory reserve of the set realised gain of USD 53,538,148, there remains a net investment income of USD 3,693,736.

3.693,736.
The Shareholder's annual meeting decided the distribution to the shares outstanding on June 30, 1988 after the close of the merkets, of a dividend of USD 7.00 for the year 1987, which is to be compared to the dividend of USD 6.25 for the year 1986.
This dividend of USD 7.00, which is free of withholding tax in Luxembourg, will be payable as from July 1, 1988 onwards.

Into advances of USD 700, which is here of withholding tax in Lucembourg, will be payable as from July 1, 1988 onwards.

The unconsolidated net asset value per share of Pan-Holding as of December 31, 1987 was USD 413.86 showing an increase of 14.2 0.00 compared to December 31, 1986. Taking into account the dividend paid, the increase amounts to 15.9 0.0.

The Chairman indicated that the company continued to lead a very cautious policy in 1987, the cash being gradually brought from 15 0.00 of net assets at the end of 1980 to 30 000 before the October crash. At year end, it still amounted to 33 0,00 of net assets. Investments in North America were further reduced and represented at year end roughly 24 0,00 of net assets. Europe was also reduced to 35 0,00 and mainly the pacific basin to approximately 5 0,00 of net assets. Reinvestments, especially in Japan, were made in the first months of 1988, but one remains somehow cautious (at the end of April, liquidities still represented 20 0,00 of net assets). The animal general meeting redected as Directors Drs. Eignert K. Den Bakker, Messrs Rowland H. George, Proderick A. Klingenstein, Roger Paluel-Marmont and Sir Ronald L. Pran. These appointments will end with the general meeting approving the accounts for the year cading December 31, 1990.

The extraordinary general meeting validity held on the same date approved materimously the whole of the resolutions involved in the agenda. It thus decided among others:

10 cancel 85,000 Pan-Holding S.A. shares beld by the company in its treasury, reducing the capital by USD 4,250,000, in order to bring it from USD 35,000,000 in order to bring it from USD 30,750,000.

The practical steps to be taken in order to large varificates of Pan-Holding S.A. that continued the agenda in order to bring it from USD 30,750,000 in order 10 b USD 30.790.000 to USD 51,500.000. The practical steps to be taken in order to affix these amendments to all the share certificates of Pan-Holding S.A. will be published shortly in the press. As of May 71, 1983, after cancellation of 85,000 shares, the unconsolidated set asset value amounted to USD 486-54 per share, showing as increase of \$5.500 when compared to the anconsolidated net asset value calculated on 700,000 shares as of December 31, 1987. As of May 31,1988 the consolidated net asset value was USD 443.47 against USD 443.24 as of December 31,1987.

# **CREGEM FINANCE N.V.**

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Floating Rate Notes due 1992

(the "Notes") Unconditionally and irrevocably guaranteed by Crédit Communal de Belgique S.A./

(Established in the Kingdom of Belgium) In accordance with the terms and conditions of the Notes. notice is hereby given that for the interest period from 7th June, 1988 to 7th December, 1988 being the second Interest Payment Date (as defined in the terms and conditions), the Notes will carry an interest Rate of 4.95% per annum. 

Gemeentekrediet van België N.V.

Agent Bank The Long-Term Credit Bank of Japan, Limited

MOSCOW NARODNY FINANCE B.V.

will be U.S. \$10,166,67.

U.S. \$ 100,000,000,-

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irrevocably and unconditionally guaranteed by MOSCOW NARODNY BANK LIMITED

In accordance with the Conditions of the Notes notice is hereby given that for the interest period 31st May 1983 to 29th November 1988 included (183 days) the Notes will bear interest at the rate of 8% per annum. The coupon of a Note for U.S. \$ 10,000, - will be U.S. \$406,67 and of a Note for U.S. \$ 250,000,

The interest payment date will be 30th November 1988.

Agent Bank Deuche Bank Luxembourg S.A.

### U.S. \$100,000,000 **SND4010**

Floating Rate Depositary Receipts due 1992 issued by The Low Depender Tries Carporation p.l.c. evolutions entailment to payment of principal and interest on deposits south

ISTITUTO BANCARIO SAN PAOLO DI TORINO (mempunated en the Republic of Italy en a Credit Institution of Public Lass)

London Beanch For the six month period 6th June, 1988 to 6th December, 1988 the Receipt will carry an interest rate of 71/9% per annum with an interest amount of U.S. \$400.31 per U.S. \$10,000 Receipt. The relevant Interest Payment Date will be 6th December, 1988.

Bankers Trust Company, London

Agent Bank

DOMUS MORTGAGE FINANCE NO 1 plc £100,000,000 **Mortgage Backed Floating Rate Notes** due 2014

In accordance with the conditions of the Notes, notice is hereby given, that for the three month period 6th June, 1988 to 6th September, 1988 the Notes will carry a rate of interest of 9.1 per cent. per annum with a coupon amount of £2,287.43

CHEMICAL BANK Agent Bank

The Hongkong and Shanghai **Banking Corporation** 

(Incorporated in Hong Kong with limited liability) U.S.\$400,000,000 PRIMARY CAPITAL UNDATED FLOATING RATE NOTES



Notice is hereby given that the Rote of Interest has been fixed at 7.875% and that the interest psychie on the relevant interest Psyment Date September 8, 1988 in respect of \$5,000 nominal of the Notes will be \$100.63 and in respect of \$100.000 nominal of the Notes will be \$2,012.50.

June 8, 1988, London By: Chibank, N.A. (CSSI Dept.), Agent Bank CITIBANG

U.S. \$275,000,000 of which

U.S. \$200,000,000 is being Issued as the Initial Tranche The Bank of New York Company, Inc. Floating Rate Subordinated Capital Notes due 1997 Nodce is hereby given that the Rate of Interest has been fixed at 775% p.a. and that the interest payable on the relevant Interest Payment Date. September 8, 1988 against Coupon No. II in respect of U.S.\$10,000 nominal of the Notes will be

U.S.\$ 198-06.

June 8, 1988, London By: Chibank, N.A. (CSSI Dept.), Raference Agent CTTBANCO

### INTL. COMPANIES AND FINANCE

Chris Sherwell on strategies behind Mayne Nickless's rapid expansion

# Muscling in on the public sector

1<sub>une 8</sub> 1988

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State of the lates of

now expanding abroad, in the John Mayne and Enoch Nickless (IK, Europe and North America. Invariably it is bracketed with 50 wagons and 100 horses. Invariably it is bracketed with 50 wagons and 100 horses and alarm systems, Mayne Nickless operates in Australia as Metropolitan Security Services (MSS), and runs a close second to the Wormald group.

Wormald group.

Wormald is currently in trouble, and Mayne Nickless is one of many groups strongly interested in picking up some of its businesses.

Mayne Nickless reckons it is in guard and patrol services and alarm systems, Mayne Nickless operates in Australia as Metropolitan Security Services (MSS), and runs a close second to the Wormald group.

Wormald is currently in trouble, and Mayne Nickless is one of many groups strongly interested in picking up some of its businesses.

The worth work.

Mayne Nickless is one of many groups strongly interested in picking up some of its businesses.

In Britain, TNT and Securicor deminate the overnight express freight, for which diversified that they are received. In guard and patrol services (MS

employs more than 26,000 people and had its shares listed in Lon-6 per cent. and foresees an don last November, has two core businesses — express freight, revamped Parceline service. In where it competes with TNT, and security services, where Brambleind Purolator.

List is one of its rivals. A third activity, computer payroll competency of the managing directors operations, is growing rapidly.

Under the managing directorship of Mr lan Webber since 1981, Mayne Nickless has improved its company reasoned it was already to the managing directorship of Mr lan Webber since 1981, Mayne Nickless has improved its company reasoned it was already to the provide the managing directorship of Mr lan Webber since 1981, Mayne Nickless has improved its company reasoned it was already to provide the provided that the provided has been supported by the provided has been dead of Federal Express with its and foresees in this share through its second state of the forest f

Mayne Nickless has improved its performance markedly. Mr Webber's move from Mitsubishi monver from Mitsubishi month.

Mayne Nickless has improved its performance markedly. Mr Webber's move from Mitsubishi month.

The problematic manufacturing sector to a labour-intensive services business. If there is a single theme he has followed it is decentralisation.

The result is that, over the six pears to 1987, net profit has risen on revenues of A\$1.80m. A 50 per cent of revenues of A\$460m to A\$61m on revenues of A\$1.80m. A 50 per cent of revenues (based on est interim stage means the group's record in the year which ends this month.

As a result, the recent reorgan shatton of the company saw the most recent six-month figures in the most recent six-month figures in the most recent of profits the most month.

As a result, the recent reorgan shatton of the company saw the newly created security services division headquartered in Texas, where the group's Stanley Smith per cent of revenues (based on the most recent six-month figures) and 45 per cent of profits before interest and tax.

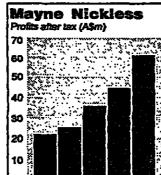
As ever, its forte is armoured transport of the increasingly international flavour at Mayne Nickless, a geographical break-from hearts are moured transport of the linear and other valuables to and other valuables of interior records in the province of interior records in the province of interior records in the province of interior and other valuables to and other valuables to and other valuables to and other valuables of interior records in the province of interior r

IT IS a cliché of the 1980s that governments are inefficient at supplying services the public from transport activities — principality air and road express operators seem to exploit the fact better than Mayne Nickless.

This Australian company has built such a strong position at home — meeting popular demand for specialised freight, security and other services — that it is now expanding abroad, in the John Mayne and Enoch Nickless UK, Europe and North America

To security Express and Armaguard businesses in the UK rank second businesses in the UK rank sec

ship of Mr Ian Webber since 1981, between Melbourne banks. The 1983 84 85 86 87 Mayne Nickless has improved its company reasoned it was already Year moting June 30th. performance markedly. Mr Web-carrying everything else, so why ber's move from Mitsubishi not money?



Although at the time no one and alarm systems, Mayne Nick-less operates in Australia as Met-ropolitan Security Services (MSS), and runs a close second to has gained some stability from Amcor's presence. Meanwhile. Amoor has allowed its holding to erode, something which is expec

The worry is that a predator might still take over Amoor and seek to sell off the Mayne Nick-less holding. More generally, the impression remains, falsely, that ated with Amcor, whereas it has pursued a resolutely independent

The Mayne Nickless name itself is a complex matter. Some parts of the group's business already have an identity Armaguard, for example - while others seem to need the benefit of

That said, Mayne Nickless clearly reaps an advantage in segmenting the complex markets in which it operates to exploit each individually. Thus, in Aus-

international Havour at Mayne lion and other valuables to and extension of the armoured transform banks, retailers, factories and other entities. Expansion has already provide 5 per cent of revenues (55 per cent) and operating profit (80 per cent).

The breakdown by business shows that 52 per cent of revenues (52 per cent of the Australian marshows that 52 per cent of revenues (53 per cent of the Australian marshows that 52 per cent of revenues (54 per cent of the Australian marshows that 52 per cent of revenues (55 per cent of the Australian marshows that 52 per cent of revenues (55 per cent of the Australian marshows that 52 per cent of revenues (55 per cent of the Australian marshows that 52 per cent of revenues (55 per cent of the Australian marshows that 52 per cent of revenues (55 per cent of the Australian marshows that 52 per cent of revenues (55 per cent of revenues (55 per cent of the Australian marshows that 52 per cent of revenues (55 per cent o

### GFSA in R136m plan to extend life of gold mine

GOLD FIELDS of South Africa ing a new shaft and developing (GFSA) is to extend the life of its venterspost's existing No.1 Venterspost gold mine in an estimated R136m (\$60.9m) development to exploit virgin ground beyond the mine's eastern boundary.

Mr Colin Fenton, the head of GFSA's gold division, says the mine's remaining life expectancy is about 10 years but that exploising about 10 years but that exploising a new shaft and developing in a new shaft and developing in the says insurance company in terms of the life assurance industry as a contains about 23m tonnes of Main reef and Middelviel reef ore which is expected to yield an average of 4.3 grams per tonne (g/type) is about 10 years but that exploising about 10 years but that exploising a new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft and developing in the sign of the new shaft into the area.

Mr Fenton says the new area company in terms of the life assurance industry as a total assets, reported foreign currency losses of Y362.3bn (\$2.9bn) in the year to March.

This is down from the loss of about Y1,500bn in the year to march.

This is down from the loss of Y361.1bn suffered in the previous tial of America last year to reach Y18,164.5bn by end-March, up 19.9 the life assurance industry as a two assurance company in terms of the life assurance industry as a

new deferred ordinary shares to acquire the new ground from existing mineral rights holders – 3.6m to GFSA, 1.27m to the Rand-fontein gold mine and 326,000 to

the New Wits company.

Early next year a rights issue of additional deferred shares is planned to raise the cost of sink-

### Nippon Life cuts foreign currency loss to Y362bn

GFSA's gold division, says the mine's remaining life expectancy is about 10 years but that exploitation of the new ground will allow operations to continue for about 24 years.

Venterspost will issue 4.8m new deferred ordinary shares to acquire the new ground from

To gold Production is due to year.

The mine recovered 3.8 gft of start in 1992.

The mine recovered 3.8 gft of gold division, says the start in 1992.

The mine recovered 3.8 gft of gold Production is due to year.

Last summer, Japanese life assurance companies and other large institutional investors the overseas subsidiaries of sharply reduced their invests which could rise to 140,000 tonnes a month of ore, which could rise to 140,000 tonnes a month of ore, which could rise to 140,000 tonnes.

About 17 per cent of Venter-Nimpon Life said its exchange.

Nimpon Life said its exchange.

Nimpon Life said its exchange.

About 17 per cent of Venter-spost's existing 20.2m shares are owned by US investors who are prevented from investing new money in South Africa by accepting the proposed rights issue.

Their rights will be auctioned for their benefit

APASCO

BY IAN RODGER IN TOKYO

Nippon Life said its exchange
Nippon Life said its exchange
losses last year included Y46.7bn
October stock market crash parine exchange losses on its current ticularly affected their US units.

They said earnings were unitely to recover rapidly as losses of long-term bonds and world interest in securities marether exercises. other securities quoted in foreign kets has shrunk.

### **JAPANESE** RESULTS

Brasilvest S.A. Net asset value as of

# 31st May, 1988

per CZ Share: 206,138.64 per Depositary Share: US\$11,693.70 per Depositary Share:

(Second Series) US\$10.981.10 per Depositary Share; (Third Series)

US\$9,345.05 per Depositary Share: (Fourth Series) US\$8,730.26

# Our new name marks a new beginning...



Since we were founded 76 years ago as Japan's first privately-owned steel company, Nippon Kokan K.K. has grown to become the country's second largest steel producer.

As we expanded into engineering, shipbuilding, machinery and new materials, we evolved as a global supplier of high-quality products. We are also committed to advancing social infrastructure and living standards through such fields as integrated community development, electronics and biotechnology.

Now we have a new symbol. It reflects a rededication to our goal of continuous expansion to serve the ever-changing needs of society.

We also have a new name. Throughout the world, we have long been known as NKK. Today, June 8, is the anniversary of our founding and we make that name official. We are now the NKK Corporation.



Headquarters: Tokyo U.K. Subsidiary: NKK (U.K.) Ltd. Principal overseas offices: Düsseldorf, Rotterdam, New York, Los Angeles, Houston, Vancouver, Rìo de Janeiro, Beijing, Hong Kong, Bangkok, Jakarta, Singapore, Kuala Lumpur, Al-Khobar.

APASCO SA de CV and subsidiaries US\$46,000,000 **Euro-commercial Paper Programme** The Fuji Bank, Limited, New York branch with committed stand-by provided by International Finance Corporation Midland Montagu International Finance Corporation Fuji International Finance Limited Midland Montagu Commercial Paper SBCI Swiss Bank Corporation Investment banking leading & Paving Agent Samuel Montagu & Co. Limited The Notes are regotered on the Registro Nacional de Valores e Intermediarias (the Mexico Securitus and Intermediaries) maintained by the Mexicon National Securitus Commission. I certification of either the quality of the Notes or the solvency of the Inter-

### Sara Webb and Olli Virtanen on concerns over liberalisation in the EC

# Nordic banks braced for 1992

THE RECENT deal between KOP of Finland and the Gota Group of Sweden reflects the increasing concern in this corner of Europe over developments in the European Community in the run-up to

Most Nordic financial pundits expect the wave of domestic and cross-border mergers and acquisi-tions in the EC financial sector to continue, leading to the creation of a number of large financial

services groups.

They therefore believe it necessary to create pan-Nordic group-ings in the financial community which would be larger and more effective in meeting competition, even though existing legislation in the Nordic countries does not make such strategies easy to

So far, two interesting deals have emerged. The KOP/Gota Group deal could lead to a firmer relationship, with KOP eventu-ally taking a direct stake in the Gota Group once legislation in Sweden permits foreigners to own shares in banks. The group could also expand to form a broader, pan-Nordic banking and financial services group with Norwegian and Danish partners. A similar move was made in

the insurance sector earlier this year when Skandia, the leading Swedish insurance group, set about trying to forge cross-own-ership links with other Nordic insurance groups as a prelimi-nary step toward forming a pan-

Nordic concern. KOP and Pohjola, Finland's largest insurance group, acquired a 15.8 per cent holding in Skan-dia, which in turn was negotiating a 10 per cent stake in the Finnish group. In future, Pohjola intends to engage in various

(Royal Chartered), the Danish insurance group.

Skandia has also tried to

obtain a foothold in the Norwegian insurance sector, although so far its efforts to acquire a stake in Vesta, the Norwegian insurer, have failed as foreign companies are not allowed to own more than 15 per cent in Norwegian financial groups. Swedish bankers have

acknowledged that it would make considerable sense to create Nordic banking entities along similar lines in order to meet competi-tion from West German banks, in particular. Scandinavian Banking Part-

ners – the alliance formed in 1984 between Skandinaviska ing commercial bank), Bergen Bank of Norway, Union Bank of Finland, and Privatbanken of Denmark - was intended to help the banks compete more effectively against foreign banks in the Scandinavian countries while co-operating with each other in the markets.

The arrangement allows for credit transfers, credit guaran-tees and access to accounts between the banks and, with the exception of S-E Banken — which, under existing Swedish legislation, is not permitted to have foreign shareholders — the banks have small cross-holdings in each other of between 3 and 6



Jaakko Lassila: European competition to grow

deal is broader. It has clear intentions to lay the foundations for a Nordic grouping and to use their complementary international operations to build up a stronger network abroad.

It has even been suggested that, with KOP's interest in Skandia, a future banking and financial services grouping could eventually involve insurance operations as well.

It would have been far more banks have small cross-holdings in each other of between 3 and 6 per cent.

As they point out, however, the intention was never to have a Nordic banking group, but for each of the four banks to act individually.

The four Mr. Leoch Polymeticans is would have been far more difficult for the Gota Group and KOP to build up international networks independently and, from the Gota Group's point of view, it was necessary to have representation in New York and other leading centres.

Mr. Jaakko Lassila, the chair-man of KOP sand one of the domi-

insurance services in co-operation with Skandia.

In addition, Skandia International business, suggested publicly that a ful of "megabanks" in Europe tional, which is Skandia's international reinsurance group, has a the other banks rejected the idea.

To this extent, the KOP/Gota to be one of the latter.

alisation will increase competi-tion in Europe. Nordic banks, which traditionally have been well protected from foreign competitors, will face a very different market place in the next few years. In order to improve effi-ciency and service, the banks' search for partners is likely to

KOP's move in effectively taking a 17 per cent stake in the Gota Group is perhaps the boldest step yet on the Nordic banking scene. As one banker put it Gota and Gotabanken, its flag-ship bank, was the last remain-ing "unmarried maiden" in the Swedish banking community.

Although Proventus, the Swedish holding company, will maintain a majority in the newly formed partnership, KOPwill reap considerable benefits from linking operations pruning over-

lap and offering a wider range of customer services. Gota Group and KOP have already a detailed co-operation plan to guide future ventures. The deal, says a KOP official, resembles the situation when the Hongkong and Shanghai banking group took a 14.9 per cent stake in Midland Bank, the big UK

clearing bank. Swedish banking laws prohibit foreigners from owning Swedish banks and therefore the KOP deal is being undertaken through two different holding companies. But KOP has five different options to simplify its ownership, including a possibility to increase its holding in Gota Group, as soon as the laws change.

Although there have been cer-When Mr Jacob Palmstierna, man of KOP and one of the dominant personalities behind the who has special responsibility for the group's international busithe 
# Egyptian investment houses condemn curbs

EL RAYAN, Egypt's biggest Islamic investment company, says it would be unable to continue operating if plans approved by the Cabinet at the weekend

probably need 10 years in which to repay depositors if the new

regulations force it into liquidade deposit takers to reconstitute some of these companies may thou. The Government intends to themselves as holding companies have been operating pyramid

Moreover, according to Mr discuss the dram law, which includes tough the company would the company would are put into law.

Moreover, according to Mr discuss the dram law, which includes tough the company would are put into law. penal provisions, requires the until now loosely regulated

allow only two years.

that would issue share certifischemes by paying dividends
Heads of the largest Islamic cates in exchange for deposits.

institutions have asked President

Transfers of funds abroad

Mr Tewfik said El Rayan had a

Mr Tewfik said El Rayan had a would also need specific number of longer term industrial approval. The Government is projects in progress, including a concerned that Islamic invest- large animal fodder plant and a ment houses have transferred detergent factory. It would be large sums overseas.

Officials are also worried that itably within two years.



May, 1988



### **BARCLAYS FUNDING (JERSEY) LIMITED**

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Dresdner Bank Aktiengesellschaft **IBJ** International

Goldman Sachs International Corp. Merrill Lynch International & Co.

Mitsui Finance International

The Nikko Securities Co., (Europe) Ltd.

Nomura International Limited

Daiwa Europe

Sanwa International

Sumitomo Finance International

Toyo Trust International

Union Bank of Switzerland (Securities)

Vereins- und Westbank

Yamaichi International (Europe)

### Liffe plans German **futures** contract

By Dominique Jackson

THE LONDON International Pinancial Futures Exchange announced yesterday that it would launch the first German government bond futures contract in September, giving market participants their first opportunity to effectively hedge price risk in the West German bond market.

Mr David Burton, Liffe Chairman, said the new conchairman, said the new con-tract would complement Liffe's existing contracts on the three other leading global govern-ment bond markets, UK gilts, US Treasury bonds and Japa-nese government bonds. In terms of issued paper out-standing, the West German government market is the

government market is the fourth largest in the world, after the US, UK and Japan. The launch of the new contract follows 12 months of research and development.

The contract will be deliverable, in line with the other main futures contracts. on international markets. German government bonds with a remaining life of 812 to 10

years will be deliverable.

The contract will be based on a notional bond of DM250,000 nominal value with a 6 per cent coupon and prices will be quoted in relation to DM100 nominal value, in line

with the cash market. Delivery of the new contract will take place on a specific day each month, probably on or near the 10th. By contrast, delivery in gilt and Treasury bond futures contracts can take place on any business day in the delivery month. Deliv ery will be through the Frank-furter Kassenverein, the West German securities clearing

system.

Liffe elected for a deliverable contract rather than cash settlement to ensure greater liquidity. About a dozen Liffe members have already under-taken to operate as "desig-nated brokers" to make a market in the contract.

### Saudi Arabia set to launch domestic bond

By Finn Barre in Riyadh

SAUDI ARABIA'S planned SR30bn (\$8bn) domestic bond issue will be launched within the next few weeks, according to Mr Hamad Sayyari, governor of the Saudi Arabian Monetary Agency (Sama), the kingdom's de facto central bank.

His assurance that "govern-ment policy on the bonds has not changed" comes as a calming influence to the Saudi riyal in currency markets. Bankers say the market had been edgy, anticipating a devaluation if the bond issue failed to move forward.

There was speculation that religious conservatives would try to kill the issue as it would involve paying interest in some form. Saudi Arabia oper-ates under Islamic Sharia law which forbids either paying or

receiving interest.

In January the national budget provided for a deficit which would be met from reserves and by SR30bm in bor-rowings. The bond issue is expected to be taken up by local banks and government institutions such as the cash-rich government pension fund and the General Organisation for Social Insurance.

Mr Sayyari added that the

economy had entered a period of modest and sustainable growth. Evidence of this was a modest inflow of private Sandi capital, he said.

Experts estimate that Saudis privately hold foreign assets as hig as those of their Govern-

Saudi companies were now producing better profits because of efficiency improvements made during the adjustment period, Mr Sayyari said.
Mr Sayyari ruled out a
return of equity business from
the banks to a central trading
hall in Riyadh, which closed after only a few weeks last

### French broker in Nomura talks

FRANCOIS-DUFOUR Kervern, the sixth largest stockbroker in France, said yesterday it was holding talks with Nomura Securities, Japan's biggest broking house, which could result in the first link-up between French and Japanese brokers, Reuter reports from

Mr Jacques François-Dufour, chairman, said: "Conversations between our associates, ourselves and Nomura have been going on for several months," adding that he could "neither deny nor confirm that Nomura will take a stake in our brokerage."
Three domestic institutions

together own a large minority of François-Duffour Kervern, which had 1987 turnover given

# Ecu sector falls sharply as dealers wait for big issue

BY OUR EUROMARKETS STAFF

PRICES OF Ecu Eurobonds saw larly in longer maturities.

unusually sharp falls yesterday Prices of some seasone as trading firms sold off their existing positions in anticipation of a much-heralded issue by the European Community.

However, the controversial emerge by the end of the day, apparently because the intricate swap package behind it had not been finalised. Elsewhere in the market, trad-

ing in most sectors was minimal, with a marginally bearish tone detected in Eurodollar bonds, which followed the US Treasury narket lower.

Sentiment in the dollar bond markets has been depressed by renewed inflationary fears, fuelled by continued steady gains in the Commodities Research Bureau's index of key commodity prices following a 5 per cent rise in the index last week.

Uncommonly dry weather in the US Midwestern states is boosting grain prices, which account for about 40 per cent of the index. However, bond price falls were limited by investors' reluctance to take short positions in the wake of last week's rally.

Prices of UK gilts finished the day a little better where changed. consolidating after Monday's half-point rise in base lending rates to 8% per cent and supported by the resilience of sterling on the foreign exchanges.

Eurosterling bonds also saw continued steady buying, particular market with a As70m four-line continued at 1 per cent. In the Netherlands, Bank Mees & Hope led a F1 100m five-year grupp tapped the Australian dollar market with a As70m four-line cent coupon and priced at 99%.

were around ½ point. Dealers were thought to be making room on their books for an EC issue issue, likely to be the largest ever which is reported to be as many made in the currency, failed to as Ecu500m and have a maturity slightly longer than average for slightly longer than average for successive of seven the sector, possibly of seven years. It could provide a much-needed benchmark, dealers said.

### INTERNATIONAL BONDS

The deal is apparently linked to a complex and unorthodox swap package, with as many as four currencies. Several central banks and commercial banks are said to be involved.

said to be involved.

Syndicate managers said there was flerce competition for the mandate which was reportedly won by Deutsche Bank Capital Markets. However, a Deutsche Bank official said it was not in a position to confirm these reports. Dealers said tying up such a complex swap transaction couldbe hampered by the magnitude of the deal and by the diffi-

Burope led a \$50m five-year deal nese urban developer. The deal with equity warrants for its parent, Okasan Securities. The couis indicated at 1 per cent.

year 13 per cent deal at 101%, led Prices of some seasoned Ecu by Svenska International. Deal-bonds slipped by as much as a full point although average falls a new rush of Australian dollar bonds as the currency itself continues to recover from a recent sell-off and swap rates become

more attractive. in West Germany, both domestic and Eurobond sectors opened lower following New York's bear-ish trend. Volumes were low and prices finished the day unchanged to between % and %

unchanged to between % and % point lower.

Dresdner Bank led a DM100m seven-year 6 per cent deal at par for Jutland Telephone, which is 51 per cent owned by the Danish state. The deal saw good demand although some traders said the terms were rather tight. It finished the day bid just outside its total 2% per cent fees.

In Switzerland, turnover remained fairly low with prices a touch easier on the day where changed. The primary market saw little buying interest although two new issues were launched.

complex swap transaction couldbe hampered by the magnitude of the deal and by the difficulty of arranging swaps in a basket currency.

Only two new issues were launched. Okasan International issue for Chisan-Tokan, a Japa-Ryrropa led a \$50m Sign way deal need urban devalorer. The deal

### Norway poised for market regulation BY KAREN FOSSLI IN OSLO

NORWAY HAS passed a new Securities Act which gives the Finance Ministry greater control over the stock exchange and

heated exchanges between bourse officials and the Finance Ministry for months, calls for the ministry to appoint a stock ket last summer. exchange council, which will Options trading by Oslo bro-

have a mandate to appoint the bourse's board of directors. kers continued in spite of the ban. The ministry has now called bourse's board of directors.

Following last year's steep rise in activity, the options and insurance inspectorate to police future markets have accounted. clears the way for regulation of the options and futures market. The new law, which has caused The new law, which has caused special dispensation to two firms, Moorgate Options and Hafslund, which launched an options mar-

this trade. The inspectorate said it could be difficult to stop brokers from trading as the ban lacked any

legal basis It has been estimated that at its peak as many as 1,000 options trades were made weekly.

Closing prices on June 7

### FT INTERNATIONAL BOND SERVICE

STRAIGHTS	<b>Equal</b>	814		dif ses	THE
Abbey National 712 92	200		944	_0 -1	9.56
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American Brands 83, 92				0 +0%	9.58
A/S Eksportfinans7 9 93	100			+14 +14	8.79
A/S Eksportfinans74 92	150	944	954	+04 +05	8.90
Barc. Bk. Fln. 104 89	200	11025	103	+04 +03	8.18
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Mercis-Benz Cd. 812 95	100	95%	96 le	0 +0%	9.34
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Metropolis Tokyo 912 93 Morgan Guaranty Tsl. 7 90	150	974	97 E	0+01/2	8.56
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### INTL. COMPANIES AND FINANCE

Result of inquiry into Texas Air provides boost for chairman

# Lorenzo wins new battle with unions

MR WALTER REUTHER and Mr Eugene V. Debs may be turning in their graves, but the decisive battles between American capital and labour today are being fought far from the traditional battlefields in grimy auto facto-

ries and steelworks.
The industrial Waterloos of the 1980s have been fought in the air-craft hangars, cockpits and con-trol towers of the country's air

Since 1931, when President Ronald Reagan fired most of the country's air traffic controllers, the unions in the newly deregu-lated US air travel business suf-fered one crushing defeat after

another.

Their fate has served as an object lesson to the rest of the country's labour movement. And, next to President Reagan himself. one man has turned into the national symbol of capital trium-phant over labour. That man is Mr Frank Lorenzo,

the founder and chairman of Texas Air, a company which he transformed in less than 10 years from a mere speck on the horizon into the higgest airline fleet in the non-Communist world.

### Bankruptcy

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A THE WAY

Or Windling

The key to this achievement, as Mr Lorenzo himself has frequently made plain, was his decision in 1983 to buy the struggling Continental Airlines and promptly declare it bankrupt.

The bankruptcy enabled Mr Lorenzo to abrogate the com-pany's labour contracts, provoke a strike and rapidly clear both the union leaders and their sym-pathisers out of his airline.

patnisers out of his arrine.

The 20 per cent plus cuts in wages he achieved through this unprecedented bankruptcy tactic not only set a pattern for the rest of the newly-deregulated airline industry but also put the fear of God into union leaders and members across corporate America.

bers across corporate America. Last week, Mr Lorenzo seemed to emerge victorious again from his latest life and death struggle with the unions.

When the Department of Transportation released a report on Thursday stating that Texas on Thursday staing that Texas Air's operations were safe and financially sound, Mr. Lorenzo was openly exultant, while the unions at his recently acquired Eastern Air Lines subsidiary immediately denounced the DoT's investigation as a "white-wash"

Since buying the highly union-ised Eastern last year, Mr Lor-announced its inquiry.



Frank Lorenzo, above: Transformed Texas Air into biggest fleet in the non-Communist World, and an Airbus from the fleet at Eastern Air Lines, his recently acquired subsidiary, where he is preparing for a make-or-break confrontation with the unions

enzo had been quite openly pre-paring for a make-or-break of the DoT report, even from the confrontation with the compa-Texas Air investor's narrow ny's biggest union, the Interna-tional Association of Machinists. tional Association of Machinists.

His objective was to reduce the pay of unskilled IAM members, such as baggage handlers, to "market levels," about 50 per cent below their current earnings.

Innancial standpoint, can only be seen in the light of Mr Lorenzo's long-term labour strategy and of its central, almost mythic, role in union-management relations throughout the US.

From this perspective and the properties of the pr

And he had made no secret of his plans to follow this up with smaller reductions in the pay of

smaller reductions in the pay of other workers, including pilots, so as to cut Eastern's total labour costs to about the level at Continental, where they average about 25 per cent less.

The DoT study was prompted essentially by a huge public relations campaign conducted by Eastern's unions with the aim of persuading legislators in Washington, as well as potential customers, that Mr Lorenzo's attempts to slash the airline's operating costs imperilled pasoperating costs imperilled pas-

enger safety.

The very announcement of the inprecedented investigation in April looked like a major victory for the unions and a big embarrassment for Texas Air.
But over the weekend, the com-

pany rather than the unions seemed to be benefiting from at least the initial reactions to the study's headline conclusions that Eastern and Continental were both safe and that their deviations from Federal aircraft maintenance standards were

mostly minor. By yesterday hinchtime Texas Air's shares were up \$1% at \$11%, about 25 per cent above the low they hit just after the DoT

chemistry analysis, a Picture Archiving and Communications System,

diagnostic ultrasonics and Magnetic Resonance Imaging.

From this perspective, Mr Lorenzo's biggest troubles probably still lie ahead and the DoT report that his strategy of confronting the unions is running not only out of time but also out of politi-

The DoT's decision that Mr Bill Brock, a widely respected Republican politician, will be appointed as a special mediator to help resolve safety disputes between Mr Lorenzo and the unions may have achieved one of the unions

main objectives - to politicise
their struggle and assure it a
place on the nation's front pages.
This could be especially important in the light of November's
presidential election, as the political annual of pulsar backing ical appeal of union-bashing appears to wane with the end of

### Lockout threat

strike or lockout by declaring that negotiations between the IAM and Eastern have irretriev ably collapsed.

Until the NMB makes this dec laration. Mr Lorenzo's hands are legally tied. And Mr Brock's intervention is likely to give the NMB further cause for delay.

Meanwhile, the Democrats in Washington have already begun to make hay of the Eastern-Lorenzo battle. Not only have they been instrumental in pressing for the DoT inquiry, but Mr Michael Dukakis has gone so far as to tell a rally in Miami, Eastern's headquarters city, that he would appoint a member of the IAM as his next Secretary of Labour.

But if politics makes it much harder for Mr Lorenzo to repeat his success at Continental by breaking the unions at Eastern, the other option of striking a compromise is no more appeal

Not only would a union con-tract dash Mr Lorenzo's hopes of cost cutting at Eastern, it would also set a dangerous precendent at Continental.

A deal with the IAM, and later the pilots, at Eastern could only increase restiveness of his non-unionised employees.
One of the incidental findings

A lockout by Texas Air – the tactic which Mr Lorenzo has been threatening since the IAM's contract expired on December 31 last year – could play into the hands not only of the unions at Eastern but of the whole US labour move than at any other airline and that employees were increasingly distinguished at their position at the bottom of the industry's low pay

This is perhaps one of the reasons why the Government's under to the unions at Eastern, National Mediation Board (NMB) this grumbling would undoubthas refused to clear the way for a

This approximent appears as a master of record only.

SAMUEL MONTAGU & CO. LIMITED

Acted as Adviser to

HOLDERBANK FINANCIERE GLARIS LTD SWITZERLAND

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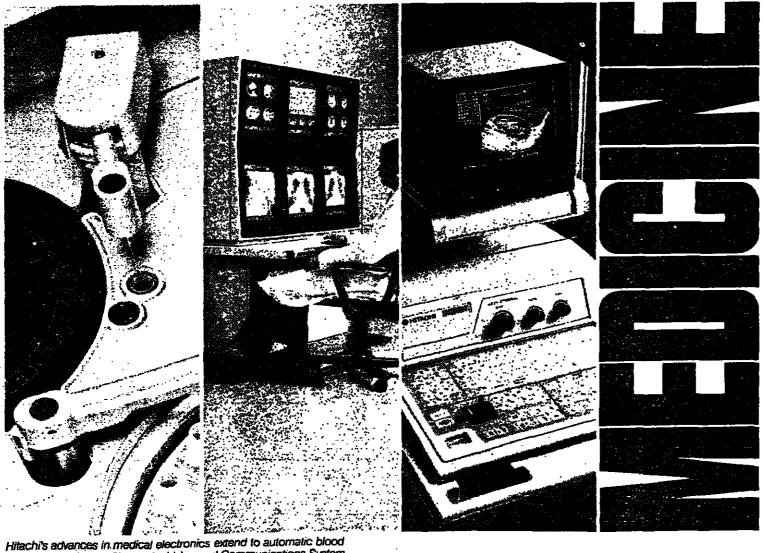
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**US\$47 million Debt Equity Conversion US\$138** million Debt Restructuring **US\$46** million Medium Term Financing US\$46 million Enhanced Euro-commercial Paper Programme



Samuel Montagu & Co. Limited 10 Lower Thames Street LONDON EC3R 6AE

Medicine should be more than the ability to treat or cure. The best care and treatment come from precise diagnosis.

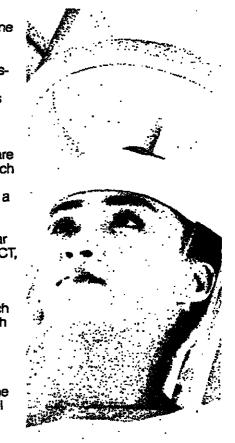


Medical electronics have brought marvelous progress to diagnostic medicine in recent years. Great strides have been made in biochemical analysis, electron microscopes and medical information systems. Another shining example is the advent of imaging equipment which uses magnetic resonance to display even the most subtle changes in body chemistry.

Hitachi's scientists and engineers are now at work on an innovative system which will make it feasible to store, retrieve and use comprehensive diagnostic data from a wide array of imaging equipment - from the most sophisticated Magnetic Resonance Imaging units (MRI) to nuclear medicine, ultrasonic scanners and X-ray CT, to name just a few. This Picture Archiving and Communications System (PACS) should lead not only to more precise diagnosis but also to formation of research and education information networks which use medical image data to the fullest.

Hitachi are also developing highly advanced electronic microscopes for exploring the world of micro-fine objects indispensable in basic studies of medicine and biology. And we are creating medical equipment such as an automatic blood chemistry analyzer and an information processing system.

We link technology to human needs. We believe that Hitachi's advanced technologies will result in systems that serve peoples' needs more precisely and fully than ever before. Our goal in medicine and communications, energy and transportation as well - is to create and put into practice innovations that will improve the quality of life the world around.





NEW MANAGEMENT STRUCTURE TO PROVIDE MORE COHESIVE IMAGE

# Norcros beats forecast with £65m

Norcros, building products, print packaging, builders merchants, and packaging group, yesterday ceramics, building products, and and packaging group, yesterday announced a new management structure intended to give it a more cohesive image; at the same time it unveiled higher-than-expected pre-tax profits of £85.3m for the year to end-March, up from £53.2m last time.

The outcome exceeded the £62m forecast at the time of a £570m takeover bid from Williams Holdings, from which Norcros narrowly escaped in April 1987

The management reorganisa-tion meant the five core busi-nesses, previously a "loose federwould be more closely controlled from the top, said Mr John Redwood, chairman

The company intends in the near future to sell off five diverse businesses, ranging from heavy engineering to Ford dealerships, which together chipped in £8.27m (£7.08m) to the pre-tax figure on turnover of £101.48m (£111.47m). This will leave the printing and

**Headlam Sims** 

**c'omponents** 

acquisition

By Pfn lip Coggan

in £4m footwear

HSC is paying £4m to acquire Phipps & Son (Holdings), a footwear materials distributor which was once part of quoted shoe components.

group Chamberl in Phipps. Phipps has recently developed

Aquatex, a water proof and breathable fabric for use in

outerwear clothing and foot-

Phipps will contribute the

majority of the enlarged group's profits; last year, it made pre-tax profits of £672,000 compared with HSC

Consideration for the acquisition will be in the form of 5m

ordinary shares, of which the vendors will retain 1.79m; the rest will form part of an open offer to shareholders, in the

form of one new share for

every one existing share at 80p

Mr John Chaplin of Phipps will become chairman of the

enlarged group, Mr David Gra-ham of HSC will be deputy chairman and Mr Mark Chap-lin will be finance director. Mr

Rex Haynes will also join the

board and will be responsible

for the Phipps business whilst Mr Ian Kirkham will be

responsible for the businesses of Headlam and the marketing

strategy for the enlarged

If shareholders approve the acquisition, dealings in the shares should resume on July

property businesses which will all be managed by divisional boards under Mr Michael Doberty. He was appointed group chief executive in March after his predecessor. Mr Terry Simpson, had been dismissed four months previously.

Before the reorganisation, property activities were not encapsulated in a separate division, and the head of UK ceramics was not a board member, though the head of international Earnings per share came out at

33p (28p). A proposed final divi-dend of 10.4p lifts the total to 14.4p (12p).
Since the Williams bid, Norcros has been expanding existing businesses and acquiring others. Capital expenditure amounted to £41.9m during the year. The group spent £11.6m on new branches in the building products



John Redwood - core businesses more closely controlled.

ing merchants cost £8.1m while reduction" in profits
Triton, the electric shower manu-

facturer, cost £27.5m. This company, bought last September contributed £2.6m to profits. However, gearing fell to 30.5 per cent (38.9 per cent) helped by a surplus of £10.7m from a revaluation of UK properties.
Group turnover rose to

ating margin was 0.7 per cent higher at 10.5 per cent. By division, profits of print and packaging rose to £15.63m (£13.45m) on turnover of £87.77m (£75.32m); builders merchant rose to £13.75m (£11.33m) on turn over of £272.54m (£222.01m); ceramics contributed £18.45m (£16.13m) on turnover of £113.94m (259.77m). Profits from the property side, which the group is developing vigorously, rose to 28.84m (£4.11m).

£682.27m (£607.18m). Group oper-

Mr Redwood said the "only dis tion of new ceramics equipment. mance of Crittall Windows, The acquisition of three build- which showed a "substantial

# Sturge disappoints City with forecast of £16m for year

BY NICK BUNKER

Headlant, Sims & Coggins, footwear manufacturer and distributor, yesterday amounced details of the substantial acquisition it promised when its shares were suspended last month.

kers' analysts. Sturge said the weakening of the dollar against sterling had "significantly reduced" the profit commission received from the loyd's syndicates it manages.

The group has also deducted from its forecast £700,000 of profit commission receivable from its management of the very profitable 1985 accounting year of Lloyd's syndicate 219.

Sturge is foregoing the £700,000 because 219 unexpectedly showed a loss for 1984, partly due to the need to increase reserves against US liability insurance claims.

to March 31, up from £2.99m in the comparable period. The interim dividend of 3.25p is up 35

The interim pre-tax figure is not an indication of the Sturge's full-year performance, because the group books most of its income in the second half in the form of profits commissions earned from managing the affairs of members of Lloyd's.

comment Given that Lloyd's expects healthy profits in years to come on business it underwrote in 1986

vices and packaging it for a speci-alised market. It has written to

the change of control, which

property deals, and strategies for the future. Mr Marsh added that his company would be able to expand where a perceived lack of

May 1988

of equal access.

SHARES in Sturge Holdings, the Lloyd's of London underwriting agent, slipped 6p to close at 313p yesterday after the group forecast pre-tax profits of £16m for 1988.

Sturge made its full-year forecast profits of £16m for 1988.

Sturge made its full-year forecast as it unveiled interim pre-tax profits of £3.48m for the 26 weeks to March 31, up from £2.99m in publicity over the Outhwaite affair and mounting claims aris-ing from asbestosis and environmental pollution has clouded the market's public image once more. Hence a sharp lurch downwards in its share price at the end of May. Yet even now, after yesterday's further dip, its 1988 earnlay's latine tip, its isso earli-ings per share forecast of 18.38p leaves it on a prospective multi-ple of 17. The rating reflects investors' understandable liking for a group whose medium-term profits growth is already ensured by its ability steadily to recruit by its ability steadily to recruit new members of Lloyd's over the last few years. But the threat of more bad news from Lloyd's as a whole means that over the next

# Rosehaugh acquisition

Rose haugh, the property devel- nies, city firms and others, to a oper which hit new heights in the property information service stock market last week on its which involves twelve or thirteen participation in the £6bn Kings researchers — the company's cross redevelopment, has total staff — selecting data from acquired control of the privately gives and specialised news service. The Amsterdam-based protective packaging group, Buhrmann-Tetterode, has acquired the Baldwin acquired control of the privately gives and neckaging it for a smell owned Applied Property Research, a database and consultancy operation set up by analyst subscribers informing them of Geoff Marsh in 1984.

Mr Jonathan Hallam, a director of Rosehaugh, said yesterday that the company was not yet willing to reveal the terms of the with a stake in APR after a cash deal, but that shareholders would be told in due course.

APR has 55 subscribers, compa-wise have slowed it down.

This announcement appears as a matter of record only

ASTRA HOLDINGS PLC

has acquired

British Manufacture and Research Company, Limited

a subsidiary of

Oerlikon - Bührle Holding AG

PaineWebber International

acted as the financial adviser to Astra Holdings PLC

Bank of Boston

structured and underwrote a £50,000,000 Revolving Credit Facility

# by Dutch packaging group

protective packaging materials, of Winsford, Cheshire.

Packaging Company and Ambas leaves Rosehaugh in the position of equal access.

Rosehaugh, said Mr Hallam, also gets APR's consultancy function and its ability to suggest annual turnover of approximately £22m.

Agreement has been reached for the sale of Baldwin's equity to B-T with effect from June 6. The transaction was in cash.

Baldwin views its acquisition by B-T as an important step towards realisation of further expansion and development of

# Also, Wise Speke, the private and 1987, Sturge comfortably out-couple of years the shares could client stockbroker purchased by paced the FT-Actuaries All Share be in for a slightly bumpy ride. Baldwin bought

Burr, acquired in April, were included on a merger account-

Turnover for Windsor, an insurance broker, rose to £3.67m (£1.12m). There was a tax credit of £7,000 (259,000 charge) after which losses per share were 0.45p (0.75p earn-

As already indicated there is no interim dividend (0.3p). The directors expect to be able to recommend a final.

### Fisons set for Tokyo listing

Fisons, pharmaceuticals group, announced yesterday that it had applied for its shares to be listed on the Tokyo stock

exchange.

The group said the move reflected its declared intention to broaden its shareholder base in the world's main finan-

Just over a year ago Fisons was forced to abandon a plan for a £110m international share placing after opposition from City institutions, who argued that their pre-emption rights to acquire new shares were being overridden by such a large issue. Yesterday's aunouncement did not say whether Fisons would be seekmether risons would be seening to place shares in Japan as part of the listing process.

Mr John Kerridge, chairman, told a meeting in Tokyo of leading financial institu-

of leading financial institu-tions that Japan was a major and highly successful market for the company's pharmaceu-tical products and the listing would underline the company's commitment to develop-ing its commercial relation-ships.

### Bid approach received by Arenson

Arenson Group, office furni-ture and equipment maker, has received a hid approach. The share price rose from 116p to close at 148p yester-day, at which level the com-pany is capitalized at £18.1m. Pre-tax profits increased from £351,000 to £904,000 for the six months ended January 31 1988, on turnover of £10.8m. For the year to July 31 1987 the company made £1.28m

### Approach made to Lodge Care

Lodge Care, the mursing and residential home operator, has received a bid approach.

The share price rose 18p to close at 158p, at which price the company is capitalized at £10.9m. Pre-tax profits for 1987 increased from \$5.52.000 1987 increased from £582,000 to £678,000, on a £1.41m rise in turnover to £4.79m.

### Windsor in the red

In the half year ended March 31 1988 Windsor Securities (Holdings) fell into losses of £119,000 pre-tax compared with previous profits of £132,000. The results of Burns, ing basis.

up nearly £2m to £10.05m.

# Non-packaging business helps Metal Box rise 15% to £94m

ing a change of name to MB Group, to reflect better its broad spread of packaging and other businesses. It also announced a 15 per cent increase in pre-tax profits to £94.1m for the year to March, in line with City fore-

Mr Murray Stuart, finance director, said Metal Box had emerged from the recession of the early 1980s and was now showing good growth. Expansion at the present rate could be sus-tained this year from the existing businesses, he said, and would be supplemented by further acquisitions in Europe, America, and

During the year, turnover increased by 9 per cent to £1.2bn, to reach almost the same level as in 1984. Adverse currency movements depressed both turnover and profits, which in constant and profits, which in constant currency terms would have shown growth of 12.6 per cent and 18.6 per cent respectively.

The increases in profit and Beheer, both acquired during the

non-packaging businesses.
boosted by acquisitions, provided
most of the advance.
In the largest division, food

and beverage, profits were unchanged at £35m. Progress unchanged at £35m. Progress made by beverages was offset by continued competitive pressures in the UK food sector. The company said that through continued rationalisation — which cost fationalisation — which cost fation

Profits from speciality packag-ing showed a small decline to £28.2m. which the company blamed on foreign exchange effects and on "teething prob-lems" at Risdon, the US cosmetic neckaging business packaging business.

The strongest performer was the heating and bathroom prod-

Metal Box yesterday made a break with its history as a manufacturer of tin cans by announce little if any growth, while the little if any growth, while the ing rose to £8.7m (£5.5m).
During 1987-88 Metal Box invested £154.6m — more than twice as much as in the previous year - £81.2m was on capital expenditure and the rest on acquisitions. The capital expenditure budget for the current year

> An extraordinary loss of £14.3m related to the disposal of the South African business. Metal Box said the negative effect on earnings from the dis-posal would be small.

> A final dividend of 5.1p increases the total by 21.7 per cent to 7p, which the company said was justified by the group's increasing financial strength. Earnings per share rose 10.4 per Earnings po. cent to 23.4p. See Lex

### Allied Colloids rises 21% despite exchange rates

Allied Colloids, Bradford-based industrial chemicals manufac-turer, increased pre-tax profits by 21 per cent to £35.42m in the year to April 2 1988.

The advance from £29.21m was achieved on sales 14 per cent higher at £162.96m (£142.81m).

Mr Peter Flesher, managing director, said he was reasonably happy with the results. "Had it not been for exchange rate movements we would have done sub-stantially better," he said. The company lost film on currency fluctuations, compared with £1.5m the previous year. Between 80 and 85 per cent of Allied's profits are earned abroad, in North America, Europe, Australia, Asia and Africa.

Capital expenditure in the year totalled £15m - of which £12.5m was spent in the UK, the majority on plant to boost output. A \$16m (£8.8m) US expansion programme has just begun and should come into operation in 12 to 18 months

per cent in the year.

Much of the company's

Interest payable was £575,000, compared with £345,000. Tax took £12.88m, up from £10.88m. Earn-ings per share rose from 7.27p to

A final dividend of 1.65p is rec ommended, making a total for the year of 2.3p, compared with 1.87p the previous year.

### comment

These results were at the lowe end of City expectations and the shares closed 7p off at 128p last night. The two worries are currency fluctuations and raw material costs. Certainly the former appears to have resulted in slightly slower volume gains in the second half and, with the largest single chunk of sales – 32 per cent - going to the US and Canada, the US expansion pro-gramme is good news. At present 30 per cent of its US sales are of chemicals it manufactures in that country. The \$16m pro-gramme should lift this to 65 per cent. The price of acrylonitrile, the raw material Allied uses most of, rose by 20 per cent during the operations concern supplying year but has come back subse-chemicals to the mining, pollu-tion and paper industries. Raw for this year of about £40m, the material prices rose by about 7 shares are on a prospective p/e of

just over 12. reasonable.

### Nash Inds plans purchase after sharp rise halfway

Nash Industries, engineering, construction and packaging group, yesterday reported a sharp rise in pre-tax profits for the half-year to March 31 1988, and announced an agreement to acquire the packaging interests of Meyer International for about

£2.6m cash. Nash's taxable result rose from £274,000 to £656,000 on turnover

are Armour Cases and No-Nail Boxes (Europe).

Nash said the first would complement its military and export packaging, and the other would form an important outlet for the European market.

### Hewetson 62% ahead and expands via £3m purchase

Along with its results for 1987-88, which showed a 62 per cent advance in profits, Hewet-son announced the acquisition of Cork Floor Sales for a maximum of £3.2m financed by an issue of convertible redeem-able preference shares. Mr Robin Martin, chairman,

said the purchase would give Hewetson a sound balance of interests in the buoyant building industry covering sub-con-tracting, manufacturing and merchanting. Cork Sales dis-tributes and sells carpet tiles, cork floor tiles and sheet car-

He reported that Hewetson group had started the current year well with good orders for floors and windows, and further progress was anticipated. Cork Floor was estimating profits of not less than £500,000 for its year ending

June 30 1988. Hewetson, quoted on the USM, makes raised access and hardwood floors while its subsidiary T.L. Bennett, acquired last November, produces window frames. Group turnover in the year to March 31 1988 moved up to £14.5m (£11.28m) and pre-tax profit to £779,000 (£481,000).

and the final dividend is 2p for

a 3p total (1.7p).

Of the acquisition consideration, £2.75m would be paid on completion. Finance would come from an issue at par of 3,435,630 7 per cent cumulative convertible redeemable £1 preference shares. These have been conditionally placed with it Corporate Finance and other institutions, and can be clawed back by Hewetson sharehold-ers on the basis of one new preference for every two ordinary held May 27.

Conversion terms are six preference into five ordinary in the years 1993-1998.

### **DIVIDENDS ANNOUNCED** Corres Total Total

1	CITTETT	. u	bonarus	IOI	Last
Í	payment	payment	div	year	year
Allied Colloidsfin	1.65	Aug 26	1.38*	2.3	1.88*
Archimedes Invint	5.8		5.5		13
Atkins Brosfin	7	July 29	5.8	10	8
British Landfin	2.56		2.25	4	3.5
CML Micro §fin		Aug 8	ū	1.4	11
Carron Phoenix 5int		June 24			
Chanman Indsfin	7.4	Aug 2	6.85	10	9.25
Coalite Groupfin		Aug 1	6.5	9.8	8.75
Dwekfin	2.25		0.5	4	4#
Great Portlandfin		July 20	4.8	8.1	73
Heavitree Bwyint	2.4		24	-	12.4
Hewetson 5fin		Oct 3	1.7	3	1.7
HunterPrintint	3	July 1	2.06	-	7.06
In Shopsfin	0.3	Aug 10	•	÷	
Metal Boxfin	5.17	July 22	4.05	7	5.75
Nash Industriesint	1.2		1	:	2.5
Norcrosfin	10.4t	•	9	14.4	12
Oriflamefin	5.5	•	4.63	8.5X	7.38
Oxford Instfin	1.8	Oct 3	1.6	2.7	24
PWS Holdingsint	3.5	July 15	3.5	•	10.5
Redfearnint	8	Aug 4	8	-	9.5
Rowlinson Seesfin	0.68		0.58	0.9	0.78
Sturgeint	3.25	Sept 2	24*	•	6.8*
Windsor Secsint	nil	-	0.3	-	0.8
I					- 1

Dividends shown pence per share net except where otherwise stated. \*Equivalent after allowing for scrip issue. \*On capital increased by rights and/or acquisition issues. \*USM stock. \*SUnquoted stock. \*Third market. \*tFor fifteen months.

### The Seiyu, Ltd. (Kabushiki Kaisha Seiyu)

**U.S.\$50,000,000** Guaranteed Floating Rate Notes 1988

For the six months 9th June, 1988 to 9th December. 1988

In accordance with the Provisions of the Terms and Conditions of the Notes, notice is hereby given that the Rate of interest has been fixed at  $8V_m$  per cent per annum, and that the interest payable on the evant interest payment data, 9th December, 1988 against coupon No. 10 will be US\$ 2,049.22.

> The Industrial Bank of Japan, Limited Agent Benk

# COALITE GROUP

### **Preliminary Announcement**

"The unusually mild winter weather had an impact on the results of our fuel production and distribution companies but most of our other activities improved their profits."

Eric Varley, Chairman

FINANCIAL SUMMARY	1988 £000	1987 £000
Turnover	615,590	492,920
Profit before tax	45,531	42,976
Tax	15,046	14,780
Dividends Paid and Proposed	9.80p	8.75p
Earnings per share	31.16p	31.02p

The main activities of the group comprise solid smokeless fuel manufacture, oil and chemicals' production and processing, oil exploration, fuel distribution, vehicle building and distribution, transport, warehousing and shipping services, builders merchanting, instrument manufacture, quarrying, waste disposal, industrial cleaning, manufacture of specialised grouts and sheep farming and trading services in the Falkland Islands. The Annual Report and Accounts will be posted to Shareholders on 1st July, 1988.

# through its Specialised Finance Group

**PaineWebber** 

PaineWebber International 1 Finsbury Avenue London EC2M 2PA Tel: (01) 377 0055

**BANK OF BOSTON** 

39 Victoria Street

### **UK COMPANY NEWS**

# Oxford confident despite sharp contraction to £11m

tis.55m to fil.19m, as a result of losses from its magnetic resonance imaging business (MRI). Turnover declined from 199,99m to £89.14m.

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Son 62%

Sir Austin Pearce chairman, public in 1983 said that it had been a demanding year. However, the group was ness, which had

good performances from the non profits is expected in 1988/89. 2.7p per si MRI businesses, which include the supply of instruments for scithe supply of instruments for scishowed: MRI 34 per cent; instru-

Oxford Instruments, high tech-entific research, patient monitor-ments for scientific research 33 nology group, yesterday reported ing. semiconductor processing per cent; patient monitoring 21 a decline in pre-tax profits from and industrial analysis.

Sir Ausum reactions and that it had been a demanding year. However, the group was successfully overcoming the challenges it faced and the results of this effort would show in the coming year, he added.

The share price rose from 204p to 217p.

The second half performance showed an improvement over that of the first six months, which resulted in pre-tax profits of \$4.6m. This was a result of profits is expected in 1988/89.

The diagnostic imaging to cutside MRI.

The effect of currency fluctuations was to reduce profits by production difficulties relating to the introduction of the new Compact and Active-Shield products also sources some materials in continued into the second half of dollars, giving it net exposure of about 10 per cent.

Earnings per share declined from 27.4p to 14.9p. A final dividend of 1.8p is recommended. improving order book, a return to profits is expected in 1988/89.

The diagnostic imaging outside MRI.

The effect of currency fluctuations was to reduce profits by production difficulties relating to the introduction of the new Compact and Active-Shield products also sources some materials in continued into the second half of about 10 per cent.

Earnings per share declined from 27.4p to 14.9p. A final dividend of 1.8p is recommended. improving order book, a return to profits is expected in 1988/89.

Active Shield products also sources some materials in continued into the second half of about 10 per cent.

Earnings per share declined from 27.4p to 14.9p. A final dividend of 1.8p is recommended. improving order book, a return to profits is expected in 1988/89.

Overall, operating profits of the non-MRI businesses increased by 20 per cent. Profits from these activities have grown four-fold in the four years since Oxford went public in 1983.

The diagnostic imaging businesses increased by 20 per cent. Profits from these activities have grown four-fold in the four years since Oxford went public in 1983.

The diagnostic imaging businesses increased by 20 per cent. Industrial analysis 4 per cent and semiconductor processing 8 per cent and semiconductor processing 8 per cent and semiconductor processing 8 per cent. At the year end, net liquid funds were £20.9m. Interest gained was £1.68m compared with £1.1m last year. The company said it was looking at acquisition to extract the semiconductor processing 8 per cent.

At the year end, net liquid funds were £20.9m. Interest gained was £1.68m compared with £1.1m last year. The company said it was looking at acquisition to extract the year end, net liquid funds were £20.9m. Interest gained was £1.68m compared with £1.1m last year. The company said it was looking at acquisition to the year end, net liquid funds were £20.9m. Interest gained was £1.68m compared with £1.1m last year. The company said it was looking at acquisition to the year end, net liquid funds were £20.9m.

428.86p in the six months to April 30 1988, but earnings per 25p income share rose from 5.67p to

The interim dividend is raised from 5.5p to 5.8p. Pre-tax revenue relisting on SE BY DAVID WALLER

Lifecare ready for

Lifecare, the nursing home 20 companies wishing to merge group which went into receiver- with Lifecare.

ship in the summer of 1986, is set divelops nursing homes and resimonth after undergoing a corpodential care facilities for the elderly. It owns four homes at rate reconstruction. It is planned that Lifecare, a present, and manages four.

shell company with net assets of \$1.9m. will merge with Aims Holdings, a private nursing home operator, in what is effectively a operator. This new company will hold some operator. reverse takeover. This new form of capital-raising exercise grouping will in turn be taken when the shares are relisted. wer by Tamaris, a new company.
The complex transaction will

The complex transaction will Lifecare, no longer trading, has allow Lifecare to retain its stock had a tangled history over the market listing and make it possilast four years. In 1986, Citibank, market using and make it possible for its shareholders to receive a major creditor, called in the
dividends. These could not be
paid by Lifecare because of its new directors said 'the financial
accumulated losses, which stood
at £4.3m at the end of March.

Mr Piers Mountstephens, one
of the two directors appointed in
January last year, and given the to be relisted in the last week of
task of resurrecting the commany, next month after shareholders.

task of resurrecting the company, next month after shareholders said yesterday that the board had have had the opportunity to vote received approaches from some on the proposals.

### CASE rejects Gandalf's logic

and supertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to any person to subscribe for or purchase shares. Application has been made to the Council of The Stock Exchange for the gram of permission to deal in the Ordinary Share capital of Young Group pic, issued and now being issued, in the Unissed Securities Market, it is emphashed that no application has been made for these securities to be admitted to listing. Dealings are expected to commence on Monday, 13th June, 1988.

YOUNG GROUP

plc

(Incorporated in England and Wales under the Companies Act 1985 Registered No. 2226511)

PLACING

рÀ LAZARD BROTHERS & CO., LIMITED

3,000,000 Ordinary Shares of 10p each at 145p per share

> Share capital following the Placing

Issued and to be issued

fully paid £890,000 Ordinary Shares of 10p each

Young Group plc and its subsidiaries ('the Group') is a private sector coal producer, operating underground and open cast mines. The Group also operates a bulk haulage and domestic fuels

Pannury Gordon & Co. Limited has placed 2.240,000 Ordinary Shares on hehalf of Lazard Brothers & Co., Limited and has arranged for Wise Speke Ltd. to distribute 760,000 Ordinary Shares in the North-East of England. Particulars relating to Young Group pic are available in the Extel Unlisted Securities Market Service, and cor of such particulars and of the Prospectus may be obtained during normal business hours up to and including 10th June, 1988, from the Company Announcements Office, The International Stock Exchange, 46-50 Finsbury Square, London, EC2A IDD for collection only and during normal business bours on any weekday (Saturdays excepted)

Lazard Brothers & Co., Litzited.

up to and including 22nd June, 1988 from:

Authorised

£1,250,000

Wise Speke Ltd., Commercial Union House, 38 Pilgrim Street.

### Coal producer coming to USM valued at £13m

Young Group, a private coal mining company based in County
country and will be the only one
Durham, is joining the Unitsted
On the USM.
Securities Market via a placing
conitalizing it at \$120 pm

Securities Market via a placing capitalizing it at £12.9m.

Lazard Brothers is placing 3m also acts as contractor to British cof the enlarged equity, at 145p each, to raise £3.87m. Existing shareholders are selling 600,000 shares but the 2.4m new shares will raise £3m for the company.

Though there are over 100 private mining companies in the UK, the majority are small.

Young has three underground and four open cast coal mines. It also acts as contractor to British Coal on one open cast site. The fam new money will be used to develop four major underground drift coal mining projects, which will enable the group to more than double its annual production from 220,000 tonnes in 1987 to 495,000 in 1990.

Value mining companies in the washou in 1880.

UK, the majority are small, in the year to November 30 employing less than 20 people. Young, with more than 370 employees, is one of the top three putting it on a historic p/e of 8.1.

**IEP** lifts stakes in two UK groups

**BY CLARE PEARSON** Industrial Equity (Pacific), which Securities, the company has is controlled by Sir Ron Brierley, increased its stake in Viking the New Zealand entrepreneur, from 16.375 per cent to 18.31 per yesterday increased its stakes in cent (7.33m shares), and in Man-Manders Holdings, the paint and deers to 9.1 per cent (2.7m shares) printing inks manufacturer, and from 6.7 per cent.
Viking Resources, the investment Mr Alan Bond's Phaedra Cor-

rust. poration took a 14.99 per cent Through the subsidiary IEP stake in Viking last summer.

### COMPANY NEWS IN BRIEF

ASDA PROPERTY Holdings had started the current year with some sharp increases in rental levels, annual meeting thid Sales progressing well.

What is factory premises at Newbridge, Edinburgh, for £1.82m cash. The purchaser is a company of the property of the purchaser is a company.

(security and business services), plumbing and central heating has established an American duces compression mungs.

Depositary Receipts (ADR) facility, sponsored by Citthank initiative, sponsored by Citth has established an American, traded on the US first half profit. With exception of over-the-counter market.

over-the-counter market general cargo, volume of all CORTON BEACH has acquired york-based Mazda dealer Peter timued to improve, AGM told. Turnbull (York) for £750,000. In NORTH BRITISH Steel Group its first full year of trading it is reported a pre-tax loss of £275,000 likely to contribute £150,000 pre (£77,000 profit) for 28 weeks to tax profits.

April 16 on sales of £6.69m

various institutions and other Ryman and property and con-investors.

HAMBROS ADVANCED Technol ROPNER is to sell Airtech to the ogy Trust's pre-tax deficit rose management team led by Mr from £141,000 to £310,000 in the Nick Randall, managing director. six months to March 31 1988. Loss SHEARSON LEHMAN Hutton per share was 1.61p (0.24p). Net has agreed in principle to acquire asset value per share stood at Premier Unit Trust Administra-166p (201p). tion from Allied Dunbar Assur-HEAVITREE BREWERY is to ance for undisclosed terms. The pay an unchanged interim dividend of 2.4p. Profits for the half the largest administrator for year to April 30 1988 were served of 2.44m (£2.4m). Earnings per trust holdings and records for the largest administrator for unaffiliated trusts in the UK, maintaining and updating unit £2.44m (£2.4m). Earnings per trust holdings and records for the page 12 more than \$20.000 accounts in 765.

progressing well.

Cash. The purchaser is a company formed by Mr Christopher more than 7 per cent higher than last year, said chairman at AGM.

BRITANNIA Security Group facture and distribution of plumbing and central heating. products. James H Lamont pro-duces compression fittings.

FOOD INDUSTRIES - Open offer (27.55m). Loss per shares of £6.69m has been taken up in respect of (earnings of 0.3p). Chairman said 80 per cent of shares offered to full benefits of current reorganiminority shareholders. Goodman sation would not be apparent international, entitled to 66 per cent, declined to take up any of PENTOS turnover in five months the offer shares. Shares not sub-scribed for have been placed with ahead, AGM told. Excluding various institutions and other Ryman and property and con-

more than 250,000 accounts in 765

Member of the Stock Exchange & ISA

### **Archimedes Inv Trust**

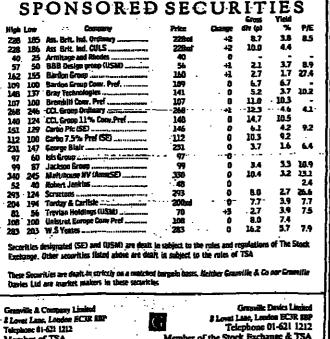
Net asset value per 50p capital share at Archimedes Investment Trust was down from 460.55p to

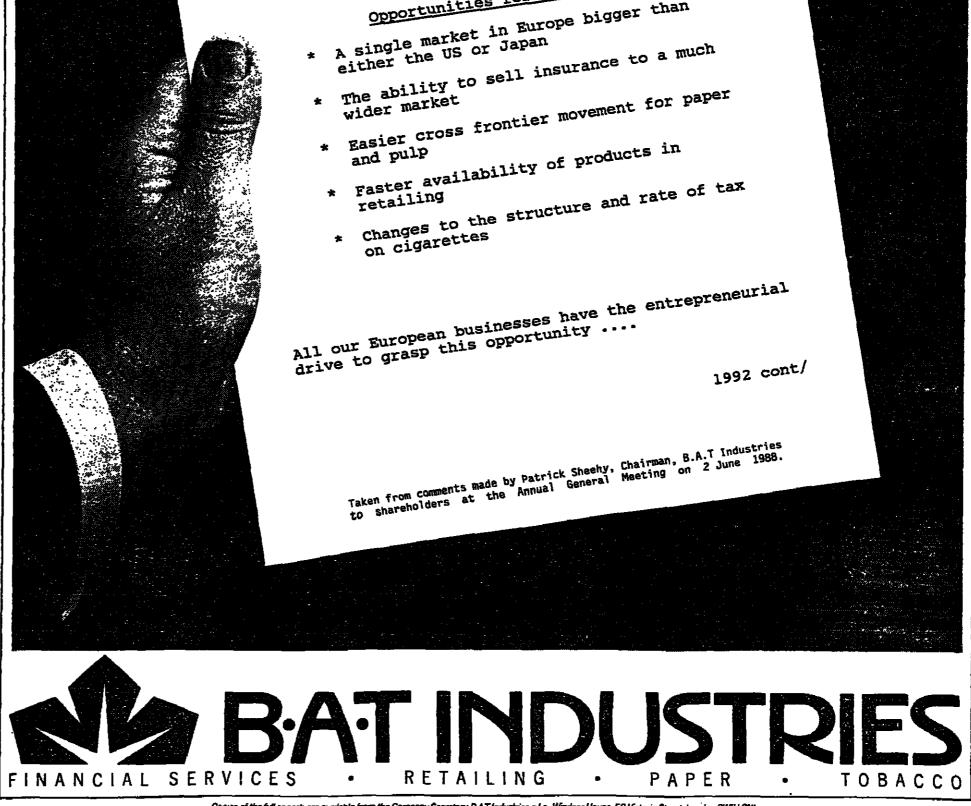
Gandelf Technologies, Canadian share for every eight shares in data communications group, yes-terday published the offer docu-ment in its £58m bid for CASE, closing CASE share price.

UK computer services company. London. EC2P 2HT 8th June, 1988 Since Gandalf announced its bid last month, its share price Gandalf offer as 'derisory' and has risen to \$9%. That means rejects Gandalf's arguments for rose from £98,600 to £123*,37*8. that the bid - 320p cash plus one the industrial logic of the bid. BAT INDUSTRIES 1992 cont/ ... I therefore welcome the importance that has recently been placed on 1992 by our own government. An essential ingredient for success will depend upon an essential ingredient for success will depend upon governments throughout Europe convincing us of their governments throughout Europe Convincing us of their commitment to complete the internal market by 1992. Opportunities for our Group A single market in Europe bigger than either the US or Japan The ability to sell insurance to a much \* Easier cross frontier movement for paper Faster availability of products in Changes to the structure and rate of tax retailing on cigarettes

### SPONSORED SECURITIES Yield % 3.8 4.4 228-si 228-si 40 56 56 160 189 141 107 268 148 148 112 231 97 99 338 48 293 6.7 -3.7 10.2 37 102 103 ---46 41 105 42 92 92 16 64 11.0 -12.3 14.7 6.1 10.3 112 100 Carbo 7.5% Pref SE ...... . . . . . . . . . . . . . 8.0 7.7 2.7 8.0 2.7 26.6 3.9 7.7 3.9 7.5 7.4 5.7 7.9 194 Torday & Carlisle .... Exchange. Other seconities listed above are dealt in subject to the rules of TSA

share were 15.7p (15.9p). more than 250,000 accounts in 765 LAMONT HOLDINGS has sold its unit trusts with assets of £2.4bn.





### **DESIGN IN BRITISH INDUSTRY**

The Financial Times proposes to publish a Survey on the above

### **6TH JULY**

For a full editorial synopsis and advertisement details, please

### **CLARE REED**

on 01-248-8000 ext 3365 or write to her at:

Bracken House, 10 Cannon Street London EC4P 4BY.

**FINANCIAL TIMES** 

# Fitch Lovell

£50,000,000 **Multi-Option Facility** 

Samuel Montagu & Co. Limited

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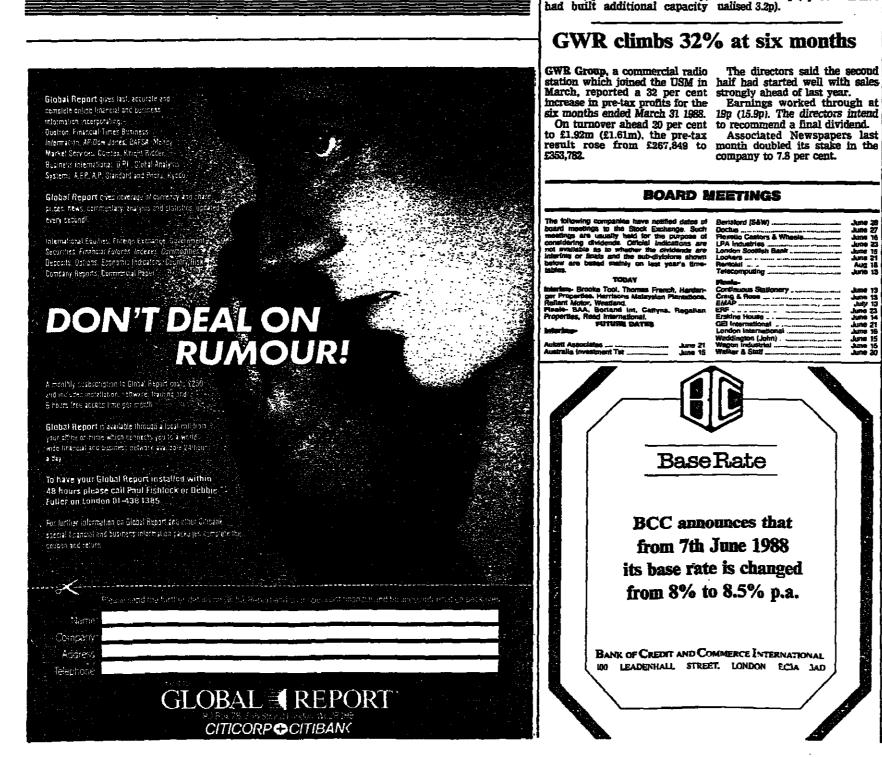
The Sanwa Bank, Limited

Banque Nationale de Paris Hill Samuel & Co. Limited

S.G. Warburg & Co. Ltd.

Samuel Montagu & Co. Limited

May, 1988



# PROPERTY COMPANIES' RESULTS IMPRESS THE CITY British Land asset value shows 47% improvement

BY ANDREW HILL

THE NET asset value of British cent of which are in London -

tax profits up 31 per cent to increase in value. £67.7m (£51.5m). British Land's The company st shares put on 16p to close at 339p. Rental income increased to 532.9m (£28.2m), despite property disposals which led to reduced turnover in the second half.

activities, now sold, while fees opportunities in the industrial sector, which accounts for about £2.8m (£1.4m).

Mr John Weston Smith, a director of British Land, said trading was ancillary to the main investment activity, but indirectly helped the company evaluate its investment properties.

Would be looking for further opportunities in the industrial sector, which accounts for about £0.4m, Gearing was down from 36 per cent to 21 per cent, and as a result interest charges almost helped the company evaluate its investment properties.

aggregates company.

Mr Eric Varley, former Labour
Energy and Industry Secretary
who is Coalite's chairman, attri-

BY CLARE PEARSON

Land, the property investment company headed by Mr John Rit-blat, rose to 399p per share in the increase of 47 per cent on net assets of 271p per share at the end of March 1987.

The group also announced prefer to increase in value.

The company said it was happy with the balance of its portfolio which changed last year with the £97m purchase of 118 freehold and leasehold industrial proper-ties from Investors in Industry Property trading contributed and the sale of properties realises 229.8m (£10.6m), some £2.2m ing £160m. British Land said it (£3.4m) was earned by industrial would be looking for further activities, now sold, while fees opportunities in the industrial and commissions contributed sector, which accounts for about

Coalite Group, maker of the eponymous smokeless fuel, lifted pre-tax profits by only 6 per cent, from £42.98m to £45.53m, in the year to end-March despite a \$4.73m profits on £33.95m turn-strong rise in turnover to £615.59m against £492.92m.

Earnings per share were virtually static at 31.16p (31.02p).

Pre-tax profits of the dominant solid, theis, oils and chemicals £13.42m (59.72m) on turnover of

ally static at 31.16p (31.02p). pointing".

Pre-tax profits of the dominant Other activities provided solid, fuels, oils and chemicals £13.42m (£9.72m) on turnover of

solid, fuels, oils and chemicals \$13.42m (£9.72m) on turnover of business were slightly lower at £22.95m (£23.62m) despite a rise in turnover to £357.45m despite rationalisations, would (£287.51m) which reflected a full have to be "looked at hard", Mr year's contribution from Hargreaves, the fuel distribution and aggregates company.

Where the fuel distribution and aggregates company.

who is Coalite's chairman, attributed the profits fall to the unusually mild winter weather which affected margins particularly in the solid fuels business. Chemicals, however had

formed well.

Coalite's laconic approach to linerest received and similar results presentation condemned income was sharply down at Mr Eric Varley to a long after 24.4m (£8.34m). Coalite started headquarters westerday.

with a much lower base after it byshire headquarters yesterday. had paid £75m for Hargreaves. The published statement scorned Late in the year two small acquito to touch on trading. It eventually sitions took £9m. However, the appeared, however, that Coalite's company currently has about performance had been a little bet-

Enlarged Dwek advances to £4m

and caters for increased demand

Dwek Group, leisurewear and near Cheltenham to cater for furniture manufacturer, yester-increased demand and has an

day reported pre-tax profits of option over a further 15,000 sq ft

24.06m for the year to end-March, up from 53.72m in the preceding 15 month period.

The directors said the year had proved to be highly successful in Extraordinary items contributed

erms of profits growth within a credit of £86,000 (£1.7m). A final

existing businesses. Balanced dividend of 2.25p is recommended Bobbins, purchased in February, for a total of 4p (up from an ann-

**BOARD MEETINGS** 

**BaseRate** 

BCC announces that

from 7th June 1988

its base rate is changed

from 8% to 8.5% p.a.

BANK OF CREDIT AND COMMERCE INTERNATIONAL LEADENHALL STREET, LONDON ECJA JAD

company to 7.8 per cent.

making 16p (14p) for the year. comment

yesterday's figures the shares are on a handsome discount to NAV of some 15 per cent, and analysts are forecasting about 500p per share in 1988-89. They also favour the way in which John Ritblat and his team have managed the portfolio recently — the sale of the portfolion recently — the low-yielding properties followed by investment in industrial sites, where rents are increasing, was a bold move. It should pay off in the current year as the propor-tion of income from rental prop-erties increases relative to traderties increases relative to trading income. Observers' habitual
sensitivity over commitment to
City office developments is offset
in British Land's case by the perceived quality of the properties at
One Finsbury Avenue and the
Corn Exchange. The company
should make about £65m before
tax this year putting the shares

helped the company evaluate its investment properties.

Earnings per share increased should make about £55m before tax this year, putting the shares.

The overall value of British year and the company recommended a final dividend of 10.25p, attractively priced. Mild winter hits Coalite profits

> ter than expected owing to the strong showing of most of the non-fuel businesses, and a slightly lower tax charge. The current year has started well, according to Mr Varley, and a point of excitement is Mobil's new gas find in the North Sea in which Coalite has a 7 per cent stake conservatively reckoned to

the company may make 251m.

The shares, which stand at a discount to the market, boast the defensive qualities of the company's 90 per cent UK turnover and strong balance sheet - but the determined to be dull over the summer. tend to be dull over the summer, perking up with the first frost.

be worth about £10m. This year

# Portfolio value rises 41% at Gt Portland

Great Portland Estates reported a 45 per cent advance in net asset value, from 242p to 349p per share in the year to March 31 and said the underlying value of its property portfolio had increased by 41 per cent during the year. Writes Andrew Hill.

The property investment complete the property in The City likes British Land. On

The property investment company increased pre-tax profits by 17 per cent to £24.7m, against £21.1m.

higher gearing of about 25 per cent. Interest receivable was up from £1.65m to £3.28m.

Great Portland lifted earnings

Hall Developments.

Its properties in Holborn and Covent Garden increased in value by 55 per cent during the year, said Great Portland, and the West End and Mayfair investments showed a 52 per cent improvement. City property values were by 24 per cent unter-

rine NAV excluded the value of properties held for trading and a the company is recommending a property trading company Bride Hall Developments.

Its properties in Holbert

The increase in value of Great value by 55 per cent during the year, said Great Portland, and the West End and Mayfair investments showed a 52 per cent of other property investors with improvement. City property values grew by 34 per cent, outer ues grew by 34 per cent, outer to London by 17 per cent, and the provinces by 25 per cent.

Mr Richard Peskin, chairman, said there had been heavy demand for office, light industrial and showroom space in the area ports of Contract of the provinces of t demand for office, light industrial are at a discount to NAV of 10 and showroom space in the area north of Oxford Street, where there were still great opportunities for growth.

The actual value of the property investment company's portfolio, including £73.8m of additions, was £625m at the year-end, against £386m at April 1, 1987.

Rent receivable rose to £28.4m (£26.4m) and the new property trading division recorded profits of £1.84m. Great Portland's share of Bride Hall's profits was £1.22m.

Mr Peskin said he expected trading activities to contribute a Superannuation Fund is potentrading activities to contribute a Superannuation Fund is poten-greater proportion of Great Portially vulnerable to a bidder.

### Carron Phoenix up 17% halfway

Demand grew for Carron Phoe-interim dividend of 1.33p is pay-nix products in the six months to able. March 31 1988, as forecast in the prospectus for its USM placing at the start of 1988. Pre-tax profits rose 17 per cent from £514,000 to £601,000 on turnover ahead from just under £7m to £8.34m. An

The directors said that productivity problems in the second quarter meant the company had been unable to meet the demand

This announcement appears as a matter of record only



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### DAVIES & NEWMAN DE HOLDINGS PLC

Group activities include shipbroking and ships' agency, airline operating and aircraft engineering, production and workover oil drilling.

**SUMMARY OF RESULTS** £000 £000 Turnover 329,617 306,254 Profit before taxation 9,638 6,594 Profit after taxation 6,970 4,411 Shareholders' funds 27,604 21,687 Dividend per share 15p 13p Earnings per share 99.2p 62.8p



Capies of the Directors' Report and Accounts may be obtained from the Secretary, Davies & Newman Holdings PLC, New City Court, 20 St. Thomas Street, Landon, SE! 9RJ.

New routes

Madrid, Mahon, Ibiza, from London: | Paris from 23rd October, 1988.

# Glass side helps Redfearn increase 25% to £1.37m

BY VANESSA HOULDER

Redfearn, the glass, plastics and flexible packaging group, increased pre-tax profits by 25 per cent from £11m to £1.37m in the 27 weeks to April 2, despite making losses in two out of three distributes. But the control of the cont divisions. Earnings per share fell from 15.13p to 12.31p. Mr David Newbigging, chair-

The fresh was to be a second of the second o

an value of Grand

per cent re

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7.5

man, said he was confident that replaced. A profit is expected in the glass division would continue the second half. to produce good results and he expected improved performances from plastics and Flexpack. How-ever, the results of these two businesses in the first half would effect the full year's profits and overall he did not expect earnings per share to move ahead. Turnover increased to £53.29m

(£31.19m). The pre-tax figure included an exceptional cost of £160,000, resulting from the termination payment to Mr John Pratt, the former chairman, who left after a boardroom tussle in

Redfearn. Some 40 people have share price from 483p to 458p. been made redundant and certain The Flexpack division were seen systems and equipment are being

The plastics division also made a loss, following a disappointing second quarter. This resulted from certain technical problems, now resolved, the loss of a major customer, a change in product range and mix and continued market pressures.

The glass division, which accounts for more than half of sales, increased both turnover. and profits. The biggest furnace was rebuilt and recommissioned last September.

tarch.

The interim dividend is
The Flexpack division, which unchanged at 3p per share.

### factors hit **PWS** again

With two out of three divisions

recording losses, these results, which were well below expecta-

tions, prompted a fall in the share price from 483p to 458p.

as particularly disappointing after the high price paid to Bunzl

last Summer. On the plastic bot-

tles side, the slump was due to a combination of one-off problems:

the loss of one large customer combined with a delay from

another in adapting to new

machinery. The division now

reckons that it is back on track,

highly competitive. Analysts expect a partial recovery from

the two divisions, putting profits overall up to about £5.2m. That puts the shares on an otherwise

expensive multiple of 10,

the 29.9 per cent stake held by the Antipodean, Mr Dick Pratt.

**Alexanders Holdings** 

For the half year ended March 31 Alexanders Holdings, Scotland's largest Ford main dealer, lifted

pre-tax profits from £112,000 to £562,000. Turnover was £35.7m

Earnings worked through at 0.902p (0.183p) per 10p share.

against £30.6m.

reflecting some speculation about

although the market remains

Currency

and difficult market conditious again combined to reduce pre-tax profits at PWS Holdings from £4.51m to £2.24m in the six months to March 31 1988. Earnings fell from 14.8p to 9.1p. For the year to last September profits of this mediumsized Lloyd's reinsurance bro

ker were £7.22m. The interim dividend is held at 3.50.

The North American comperry suffered a small loss due to currency factors and management problems. However, the new management team was performing well, PWS said, and a return to profit was

expected.
Three acquisitions were made and PWS regards its acquisition programme as completed for the time being. Of the three Craven Farmer had shown strong profits growth, PWS said. Harrington Austin was expected to show a small loss in the five months to September, because of the seasonal nature of its business, but would contribute to future profits. An extensive reorganisation had been carried out at Glenn, Nyhan & Associates to reduce costs, but it would not contribute to profits this year. The continued clampdown on corporate expenses was

expected to result in substan-tial savings in the second half.

Nick Bunker runs an update on BAT's efforts to acquire Farmers

# Waiting for Ms Gillespie's decision

VAN NESS AVENUE is Dashiell were 2.34m abstentions.

She is now writing the next chaponly secured 48.5 per cent. But on
ter in another tangled story: the Wall Street the prevailing view is
six-month old \$4.5bn (£2.5bn) hosthat Farmers' claim that the
tile takeover bid by the UK's motion failed is merely a desperBAT Industries for Farmers are rearguard action by the

Gillespie will deliver her departiocal demands to deny regulatory ment's verdict on whether BAT approval for the bid. "That's the can proceed with its \$63 per kind of pressure Roxani just share tender offer. And because doesn't need," says Mr Herbert California is Farmers Group's Goodfriend, an analyst with Prudential Analyst Approving tendential and Approving the California and Approving t biggest operating territory, her dential-Bache Securities.
decision is expected to be a crucial factor in determining the fate a veteran liberal Democrat and

with Friday's news that it has the state's second largest prop-gained regulatory approval in erty/casualty insurer - especially

Hammett country - a long, undu-lating, misty San Francisco street bye-laws BAT actually needed in the part of the city where the detective writer set his novel The Maltese Falcon.

It is also the business address of Ms Roxani Gillespie, the California insurance commissioner.

The is now writing the next than only secured 48 5 per cent of the city medium. There is no question: the resolution failed," says of Ms Roxani Gillespie, the California insurance commissioner.

The is now writing the next than only secured 48 5 per cent of the city medium.

Group, one of the state's biggest increasingly beleaguered group.

Property/casualty insurers.

Next week - on June 17 - Ms urgent problem is the mounting

of the bid.

In the last few days, the tide came out against the bid in a appears to have been turning letter to the California Insurance strongly in favour of the British Department, arguing that a fortobacco-based multinational, eign company should not control with British it has the carried because of the control of Arizona and almost certainly a foreign group like BAT with ary 1987.

won a key vote taken at the operations in South Africa, Last
Farmers Group annual stockholders' meeting last month.

The results of the vote can still

The results of the vote can still

Arizona and almost certainly a foreign group like BAT with ary 1987.

A second problem for Farmers is that California is a liberal.

Angeles - which has a large ethnic minority population - voted to insurance regulation. It intro-



Leo Denlea Jnr – Farmers' chairman and chief executive

to handling controversial issues. When she took over as commissioner in June 1986, she inherited the problem of supervising the Angeles-based Mission Insurance Angeles-cased mission insurance Company, a loss-making workers' compensation insurer. Mission became the biggest insolvency in US insurance history when it was ordered into liquidation in Febru- a blow - because the ruling's full

The results of the vote can still nic minority population - voted to be legally challenged, but preliminary figures show that BAT secured 27.25m votes in favour of a non-binding resolution urging for BAT to be confident about the Farmers' board to start bid winning the state's blessing. Not talks. Only 28.5m were cast least is the fact that Ms Gillespie herself is a robust regulator used the Los Angeles group is that the

laws which regulate insurance takeovers in the nine states where BAT has to gain approval are narrowly focused. Almost their sole aim is to protect policy holders by ensuring that a poten-tial acquiror is financially solid. So Farmers argues that BAT's financial ability to make such a huge acquisition could be jeop-ardised if the US tobacco indus-

try loses any of the product lia-bility suits being brought against It also claims that BAT could not maintain the unique relation-ship between the group and its into three insurance exchanges for which Farmers acts as managing agent. "The exchanges don't want BAT," says Mr

The third point made by Farmers is that BAT's financing arrangements are debt-driven. and might encourage it to milk policyholders to repay its borrowings. But Farmers stress on these issues only serves to illustrate text dismisses any suggestions that BAT cannot finance the acquisition or would endanger

the exchanges.

But for the next ten days, the fate of the bid will lie with Ms Gillespie in Van Ness Avenue. "Wall Street is conspicuously quiet about the whole thing at the moment," says Mr Good-friend. "People are just waiting to

### Atkins lifted by reduced losses in electronics side

BY ALICE RAWSTHORN

REDUCED LOSSES in its electronics activities helped Atkins Brothers (Hosiery), the textiles tax this year. and electronics group in which Mr Russell Goward's Charterhall has a 7 per cent stake increase from knitwear and reorganising pre-tax profits by 39 per cent to stake increase from knitwear and reorganising pre-tax profits by 39 per cent to the main site in Hinckley. Textiles turnover fell from £16m to profits

ing 10p (8p) for the year.

Three years ago Atkins, based from value-added patterned at Hinckley, Leicestershire, divertights. sified away from its traditional textile business by buying a small group of electronics compa-

nies. These companies lurched into losses, because of managerationalised its electronics activi-

business, was profitable in the through to profits over the next first half but made a loss in the second because of problems with tiles are scarcely scintillating yet product support. The proposed the retreat from knitwear h

from £895,000 to £119,000. Mr Bill passive.

tronics to produce a profit before

tax this year.
Atkins has restructured its textiles interests by withdrawing on static sales of £20m.

Earnings per share rose to slipped 14 per cent because of 28.4p (19.6p). The directors propose a final dividend of 7p making margins in the main hosiery busings on the main hosiery busings of the profits of the pr

### comment

Atkins has had a rough ride. At first sight the decision to Atkins has since introduced a to reduce reliance on the all-too new management team and has vulnerable knitting industry seemed sensible. But in hindsigh ties. It now plans to concentrate the foray into electronics was, at investment on Cartner, which best, misguided. That said, the designs electronic signs and new British Rail and Department which traded profitably last year. of Transport contracts won by Textlite, the other electronics Cartner last year should filter management buy-out of Textlite ensured that Atkins has limited was postponed because of these its exposure to the full force of problems. Atkins is now considering whether or not to sell the muster £1.9m this year putting the shares, at 310p, on a prospective of £5.5m. The electronics division, which tive pie of 9.5. suggesting that the provided 20 per cent of group City, at least, perceives Mr sales, reduced its pre-tax loss Goward's interest as far from

### Rowlinson rises 40%

Rowlinson Securities, Cheshirebased property and construction group, yesterday revealed taxable profits 40 per cent higher at £1.55m in the 12 months to end-

The outcome was posted despite a contraction in turnover to £6.21m (£7.01m). Tax took 2527,900 (2236,000), leaving earnings of 8.23p (7p) per 10p share.
The directors propose a final dividend of 0.68p, making 0.9p

(0.78p) for the year.

The annual revaluation of the group's property portiolio showed a surplus of £2.7m.

### Chapman ahead 23% to £1.92m

Taxable profits of Chapman Industries, envelope manufac-turer, expanded by 23 per cent to £1.92m in the 53 weeks to April 2 on turnover up from £32.11m to £37.98m.

Tax took more at £652,000 (£568,000), leaving earnings of 29.8p (23.9p) per 50p share. The directors recommend a final divi-dend of 7.4p for a 10p total (9.25p). An extraordinary charge of £248,000 (£154,000) related to the restructuring of the warehousing and distribution operation and costs of the closure of Croydon-based Chapman Graphics.

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### GANDALF TECHNOLOGIES INC.

INTRODUCTION TO THE OFFICIAL LIST

SHARE CAPITAL

The present issued share capital of Gandalf Technologies Inc. ("Gandalf")

Common shares of no par value credited as fully paid and non-assessable

12.140.671

Gandalf designs, manufactures, markets and services a broad line of communications systems and software and hardware products for the information networking market.

Application has been made to the Council of The Stock Exchange for the admission to the Official List of 12,140,671 common shares of no par value in Gandalf. Details relating to Gandalf and the above shares are available in the statistical services of Extel Financial Limited. The sponsoring member firm is Smith New Court Agency Limited.

Copies of the listing particulars may be obtained until 10th June, 1988 from the Company Announcements Office, The International Stock Exchange, 46-50 Finsbury Square, London EC2A 1DD and during usual business hours on any weekday (Saturdays and Public Holidays excepted) up to and including 22nd June, 1988 from:

> N M Rothschild & Sons Limited New Court. St Swithin's Lane London EC4P 4DU

Smith New Court Agency Limited Chetwynd House. 24 St Swithin's Lane, London EC4N 8AE

# Metalbox 3

# WE'VE CHANG MORE THAN OUR LOGO.

Metal Box has undergone considerable change. The actions we have taken to streamline, strengthen and grow our operations are producing results. We shall continue to exploit profitable niche products and maintain market leadership in our selected core businesses. This vitality is now reflected in our new corporate style.

Year in brief	1988 & million	1987 & million	Percentage increase
Turnover	1239.3	1137.7	+ 8.9%
Profit before tax	94.1	82.2	+14.5%
Earnings per 25p share	23.4p	21.2p	+10.4%
Dividend - net	$7.0\mathbf{p}$	5.75p	+21.7%

The focus of our group strategy is:

To concentrate our efforts on strengthening and expanding our core business sectors:

> Food and Beverage Packaging Speciality Packaging and **Engineering Systems** Heating and Bathroom Products Cheque Printing and Business Forms.

To maintain technological leadership and to provide excellence in customer service, design and quality.

- To extend our activities internationally particularly in Europe, the Americas and Asia Pacific.
- To achieve increasing real returns to our shareholders by growing our earnings per share and dividends.

### Outlook

Business activity in the first few weeks of the current financial year is above the comparable period last year. The directors are confident that further growth will be achieved as the strategic policies of the group are implemented.

Please fill in this coupon for a copy of the 1988 Metal Box Annual Report and send it to: The Company Secretary, Metal Box p.l.c., Queens House, Forbury Road, Reading RG1 3JH, or telephone: (0734) 581177.
The Report will be available from June 30th 1988.
Name
Address
Metal Box p.l.c.  THE HALLMARK OF EXCELLENCE

The unitests of this statement, for which the directors of Alkins Brathers (Hosiney) ple are solely responsible.

of Serious 97 of the Flameded Services Act has an authorised passon.

An industrial holding company with two major operating subsidiaries in the separate businesses of designing and manufacturing high-quality textiles and electronically controlled display systems.

### HIGHLIGHTS FROM THE 1988 RESULTS

Pre-tax profits up 39% to £1.62m (1987: £1.16m)

Earnings per share up 44% to 28.36p (1987: 19.65p)

Dividend for the year up 25% to 10.0p per share (1987: 8.0p)

The current year's trading has commenced satisfactorily with orders for both the textiles and electronics businesses up on the record levels at the same time last year.

For a copy of the 1988 Annual Report, write after Tuesday 21st June to: The Secretary, Atkins Brothers (Hosiery) pk., Lower Bond Street, Hinckley, Leicestershire.

# Hunterprint to fund new plant by £10.6m rights

the purchase of three new high

News of the one-for-five issue which revealed a 27 per cent increase in pre-tax profits to £3.7m (£2.91m) in the 27 weeks to April 3. Sales were 11 per cent higher at £51.8m (£46.6m).

The new Corby plant, which will be fully operational in Octo-ber 1989, will be constructed on an 11 acre greenfield site and will involve the closure of two exist-ing units at Peterlee in Durham

The rights issue, which is fully underwritten by Gresham Trust, will involve the issue of 3.5m ordinary shares at 300p each, a discount of 14 per cent to Monday night's closing price of 350p. The shares fell 10p to 340p yesterday.

The interim dividend is being

Hunterprint, specialist printing tional relocation expenses of lishers' costs, and a resulting group, yesterday launched a £4.5m to £5m, which will be £10.6m rights issue to fund the treated as an extraordinary item. building of a brand new plant at The rights issue, which is fully print. This school argues that Hunterprint faces two years of sluggish earnings growth, and inevitable disruption when the move occurs; the shares are thus at best a long term gamble. The second, and more optimistic, school argues that both the pubincreased 45 per cent to 3p lishing and printing industries (2.0625p). Fully diluted earnings are much more efficent and comper share were some 25 per cent petitive nowadays; Hunterprint needs to make this investment to

involve the closure of two existing units at Peterlee in Durham and at Eastleigh in Hampshire.

The move will eliminate round £1.25m of annual operating costs and will add 40 per cent just at the company printing capacity.

The move will add 40 per cent just at the company printing capacity printing capacity. The move will eliminate camp believes that the company will probably take the pessimistic may be enlarging its capacity view; but long-term shareholders ing costs and will add 40 per cent to printing capacity. The total sumer boom is coming to an end capital cost to the company will be a fall in advertage to the company will be 224m, and there will be additionally added to the company will be 224m, and there will be additionally added to the company will be additionally and the company will be a fall in advertage.

### CML up 31% and further growth seen

profits to £2.52m pre-tax for the year to March 31 1988. The 31 per cent improvement was achieved on the back of a 25 per cent advance in sales to £8.82m.

Mr Gurry said the present year had started well and that opera-tional budgets pointed to a fur-

The 27% drop in UK equity prices left many fund managers and institutional investors in exposed

positions. It made them acutely aware of the need to protect their portfolios and manage their exposure

to risk. The flexibility of traded options in the key

lifted to 1.4p (1.1p). After capital expenditure of £600,000 and start-up costs at Florida-based Microsense cash reserves increased to 53.2m.

MR GEORGE GURRY, chairman
of CML Microsystems, yesterday
unveiled a 2600,000 increase in
profits to 22.52m pre-tax for the
principal market territories.

The USM-quoted group, a manther improvement in growth.
For 1987-88 earnings rose by 2p
to 8.76p and the dividend is being
lifted to 1.4p (1.1p). After capital

# Oriflame rises to £9m and gains from sale of Goldsmiths

As these results cover a 15-month period, following the company's change of year end, exact comparisons are not possible. However, pre-tax profits on a 12 month basis to December 31, 1937 were \$8.57m compared with \$7.41m the previous year. On the same basis turnover was \$85.67m (\$259.35m). comparisons are not possible. However, pre-tax profits on a 12 month basis to December 31, 1987 were £8.57m compared with £7.41m the previous year. On the same basis turnover was £95.67m (£59.35m).

Further complicating the figures was a net gain of £17.11m due to the sale in March of the Goldsmiths retail jewellery chain which Oriflame bought just one year earlier.

the profit was £9.06m.

Jewellery operations reported an operating loss of £97,000 to December 31, down from the previous year's £176,000 loss. However, for the 15 months the deficit was £489,000.

The company has decided, since the Goldsmiths affair, not operations outside Scandinavia, Oriflame originally bought Goldsmiths with the

line. But Oriflame has for 10
years been using international
accounting standards, as set out
by the EC, which do not recognise extraordinary nor exceptional items — using only the
category "unusual items", which
are always above the line. On
this basis Oriflame's pre-tax profits were £26.52m. However,
according to chairman Mr Jonas
af Jochnick, the company
excluded the unusual item for all
comparative purposes, including
earnings per share and dividends.

"The year has been a highly

beautiful acquisitions."

The purchase of Goldsmiths
away all the acquisitions."

The purchase of Goldsmiths
away all the acquisitions."

The purchase of Goldsmiths
are line to a £3.3m interest charge was £3m, against
interest received of £1.46m last
time.

Tax took £741,000 for the 15
months, up from £634,000 to
percember 31 (£320,000). Earnings
af Jochnick, the company
excluded the unusual item for all
comparative purposes, including
earnings per share and dividends.

"The purchase of Goldsmiths
interest received of £1.46m last
time.

Tax took £741,000 for the 15
months, up from £634,000 to
percember 31 (£320,000). Earnings
per share were 17.5p for 15
months, 16.7p to December 31
(14-9p). A final dividend of 5.5p
was declared, making a total for
the first purchase of Goldsmiths
are purchase of Goldsmiths
interest received of £1.46m last
time.

Tax took £741,000 for the 15
months, up from £634,000 to
percember 31 (£320,000). Earnings
per share were 17.5p for 15
months, up from £634,000 to
percember 31 (£320,000). Earnings
per share were 17.5p for 15
months, up from £634,000 to
percember 31 (£320,000). Earnings
per share were 17.5p for 15
months, up from £634,000 to
m

Oriflame, the Swedish cosmetics unusual but very successful one group listed on the London stock for us," Mr af Jochnick said. The market, yesterday reported predirect sale cosmetics operations market, yesterday reported pretax profits of £9.4m on sales of returned the best growth year fillo.76m for the 15 months to March 31, 1988.

As these results cover a 15-month period, following the company's change of year end, exact comparisons are not possible. However, pre-tax profits on a 12 month basis to December 31 1997

which Ormane bought just one year earlier.

Under UK accounting standards the £17m would have been regarded as an extraordinary item and consequently below the line. But Oriflame has for 10 — Next and Ratners snatched years been using international side Scandinavia, Oriflame originally bought Goldsmiths with the intention of expanding within Britain through acquisition, "but the UK jewellery market had become a battle between giants in the scandinavia originally such that the international side Scandinavia, Oriflame originally such that the intention of expanding within Britain through acquisitions."

### Antipodean expansion for Select Appointments

BY DAVID WALLER

Select Appointments, a recruitment consultancy which joined the USM in May last year, is to double in size with the acquisition of Morgan & Banks Group, Antipodes-based executive

recruitment consultant.

The consideration is to be the ser of £16.49m and eight times M & B's earnings for the year ending June 30, and will be satisfied 75 per cent in cash and the \$20.9m in the year to June 30 last balance by the issue of new year, pre-tax profits have risen Select shares to the vendors, from \$766,000 to \$4.66m over the same period. M & B has forecast stake in the enlarged busine

The cash element of the purthe end of June will chase price is to be raised via a than \$8.78m (£3.86m).

far as Select has hitherto partner in Arthur Andersen & concentrated on general recruitment in the UK and France, join Select as finance director. Mr
whereas M & B has a niche at the whereas M & B has a niche at the Klapp will retain his position as "executive search" end of the chairman and chief executive.

Select charabolders will be market in Australia and New

geographical diversification and scheduled for June 23. Dealings it is intended that M & B's manin the new shares are expected to agement will promote Select's begin on the following day.

generalist business in the Antipo-des whilst Select will help M & B open offices in Europe. Mr Andrew Banks and Mr Geoffrey Morgan, M & B's eponymous founders, will join the Select

Established in 1985, Select has grown rapidly in terms of both turnover and profits. Sales have risen from A\$4.9m in 1984-85 to that pre-tax profits for the year to the end of June will be no less

chase price is to be raised via a than \$8.78m (13.80m).

five for six rights issue at 160p a share, against yesterday's opening price of 193p. The issue has been underwritten by Barclays over the previous period despite problems at the French subsiduary. Turnover for the year rose man, explained that the two companies were complementary inso-

Select shareholders will be ealand asked to approve the acquisition
Both companies are intent on at an extraordinary meeting

### In Shops on target

in Shops, a shopping centres company, announced pre-tax profits of £1.3m for the year ended March 31 1988 and will pay ts forecast maiden dividend of

The company, which came to the market in January, operates 24 retail centres occupied by more than 1,300 retailers. Profit compared with £1.2m forecast and with £920,000 made in 1986-87, and came from a turn over of 28.25m (£5.93m). Earnings were 4.3p (3p).

The current year had started well, said Mr David Newman, chairman, and further substan tial growth was anticipated.

### CASSA DI RISPARMIO DELLE ECU 15,000,000 6 7/8% Depositary Receipts due 1990 (the "Receipts")

### Brazil **Fund SA**

As of 1 June 1988, all Overseas Issuing Corporation SA, establishwith regard to Brazil Fund SA have been taken over by NMB Depositary Company B.V., a subsidiary of NMB Bank, establish ed in Amsterdam.

This change has been approved by Brazilian Capital Services Limited, the Shareholders Representative.

Information about the conversion of the present BDR's issued by EOIC in Brazil Fund SA will be provided in due course.

Amsterdam. NMB Depositary Company B. V.

1 June 1988 Issuing Corporation SA

### **Notice** Nationale-Nederlanden N.V., established at Delft, The Netherlands Warrants-1976

Holders of Warrants-1976 are requested to take note of the fact that pursuant to Trust-agreement II (Warrants) the period during which the option to acquire Bearer Depositary Receipts sepresenting shares in the company can be exercised will expire on June 14, 1988. Warrants for which the option has not been exercised by the submission of a written declaration to that effect to the head-office of the Amsterdam-Rotterdam Bank N.V. in Amsterdam before or on June 14, 1988, will be void and of no value as from that date. Holders of warrants are recommended to contact their bunk or stockbroker as soon as possible.

Nationale-Nederlanden IV

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direction the market is heading, you are able to hedge your securities or cash rather than assume the risk of adverse price movements. Options are also one of the best ways to out-perform the market, as many companies and financial institutions have found. Investors can enhance income by writing options against existing stock inventories and investment portfolios. The dramatic upsurge in the use of traded options has made the LTOM the fastest growing equity derivative products market outside the USA, and Europe's leading traded options market. In fact, more options were traded on the LTOM last year than in the previous nine years put together, and the range of opportunities is constantly growing. Today, it's unique in trading options on about 60 leading UK equities, plus the FT-SE 100 Index, gilt edged stocks, currency options and three French equity options. The latter are but an hors d'oeuvre

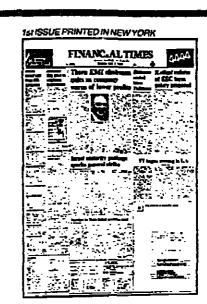
to the plans for the international expansion of the LTOM after the success of its first ten years. So why not learn how to use traded options with confidence yourself? Simply send for our brochure 'A GUIDE TO OPTIONS' and details of the LTOM video, the options analysis and pricing diskette, and the various training courses. Expert assistance is also available on this information line: 01-628 1054.



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# READERS OF THE

# TH II CONFERENCE CENTRE

# WESTMINSTER, LONDON

7, 8 & 9 JULY, 1988

As part of its Centenary year, the Financial Times is pleased to announce Personal Investment 1988. An Exhibition for those seriously interested in investment, it will provide an opportunity for its readers to discuss their individual personal financial planning requirements and take part in the exciting programme of events that will contribute to this celebratory occasion.

Entry to the Exhibition costs £5.00 which includes a ticket

for you and a guest, a catalogue and the opportunity to visit the FT Centenary Photographic Display and a special show of paintings by the New English Art Club.

Those attending the Exhibition will also be able to register for any of the associated conferences, workshops and events listed below. At £10.00, the cost of each is attractively low but numbers are restricted and early booking is essential.

## PROGRAMME OF EVENTS

10.00 - 13.15 OPENING CONFERENCE -- C PROTECTION AND GROWTH Partner, Grank Honkon

Author, 'Financial Planning for the Individual' Director, National Savings
Michael Pilch, CBE
Former Director, Noble Lowndes
Former Chairman, NAPF 14.00 - 17.15 PERSONAL FINANCIAL PLANNING AFTER THE 1988 BUDGET An overview of the income and capital changes in the most recent Lawson Budget and suggestions on the financial and investment decisions that follow.

Lord Bruce-Gardyne of Kirkden
Former Economic Secretary to the Treasury **David Stewart** Senior Tax Partner, Deloitte Haskins + Sells John Chown J F Chown & Co Hugh Blakeway Webb Tax Panner, Deloitte Haskins + Sells 18.00 - 20.30 PERSONAL PENSIONS
A subject of immediate importance to men and women in employment as the new pensions regime takes effect in July. An authoritative panel looks at the risks and possible rewards of leaving employer-run schemes.

Dryden Gilling-Smith

Maurice Oldfield
Former President, NAPF
Group Pensions Executive, Allied Lyons

Robert Ashurist Robert Ashurst Partner, R Watson & Sons An insurance Company speaker to be announced 18.00 -- 19.30 INVESTING IN GOLD
Should gold play a bigger part in the portiolios of British investors? A distinguished panel will answer the question and discuss how to proceed.

Robert Guy
Director, N M Rothschild & Sons
Julian Baring
Gold Specialist, James Capel
Anthony Garrett
Deputy Master & Comptroller, The Ployal Mint

Friday, 8 July
10.00 - 13.15 CAPITAL PROTECTION AND GROWTH FOR DIRECTORS AND SENIOR EXECUTIVES

OF THE PROTECTION AND GROWTH FOR DIRECTORS AND SENIOR EXECUTIVES The Rt Hon Cecil: Parkinson, MF rhouse Grade to Top Management Remuneration Managing Director, EBS Management 10.00 - 13.15 WORKSHOP FOR EXPATRIATES A special workshop on the requirements of men and women fiving abroad.

Peter Gartland

Editor, The International.

Peter Donne Davis

Managing Director, Abbey National (Overseas)

John Crittenden

Manager Eventrish Services 1 levels Benir Manager, Expariate Services, Lloyds Bank

Donald Elkin

Director, Wilfred T Fry (PFP) 14.00 – 17.15 ALTERNATIVE INVESTMENTS
An examination of areas of interest to collectors including discussions of market trends by Sotheby's directors, chaired by one of the principal contributors to the BBC Antiques Road Show. Lecturers: Simon Taylor Christopher Payne David Bennett **David Battie** 18,00 - 19,30 SOTHEBY'S WINE TASTING This is a fascinating opportunity to join a tutored tasting of investment quality wines. Numbers are limited and early application is essential. David Molyneux-Berry MW Head of Sotheby's Wine Department introduced by: Edimund Penning - Rowself FT Wine Correspondent

17.00 – 18.30 **REVIEWERS' EVENING**Offered on a complimentary basis to a limited number of readers, this distinguished panel will be chaired by the FT Literary Editor. Contributors: Tony Curtis Francis King Rachel Billington

Saturday, 9 July 10.00-13.00 CAPITAL PROTECTION AND GROWTH FOR THE YOUNGER INVESTOR m and women planning an **Richard Lambert** John Brennan 14.00 – 17.15 INTRODUCTION TO INVESTMENT
The Stock Exchange and its three markets, unit linked investments, high street developments and investor protection are among the subjects to be covered. John Edwards
Personal Finance Editor, Financial Times Mark Boléat Director-General, Building Societies Association Daniel O'Shea
Director, M& G Investment Management
Author, 'Investing for Beginners' lan Morison Group Corporate Affairs Director, Midland Bank Colin Chapman Editor, Financial Adviser Speaker from The Stock Exchange invited "HOW TO SPEND IT" Lucia van der Post (with a lot of help from Harrods).

11.00-12.30 TASTING OF PINK CHAMPAGNE

14.00-15.30 Two tutored tastings of pink champagne with sparkling examples from leading houses. Tutor: Robert Joseph Publishing Editor, 'Wine' Magazine **EVENING CRUISE TO GREENWICH AND** SYMPHONY CONCERT A limited number of tickets are available, at £20.00 each, for a boat trip from Westminster to Greenwich for a symphony concert by the NCOS Symphony Orchestra with Anna Steiger as soloist and with the German conductor Volker Wangenhelm.

Tamme: Wagner Overture Rienzi

Overture Henzi Oboe Concerto Soloist: Donovan Rhlue Song to the Moon and Rusalka Carmen: Suite and Michael's Aria The Lover and the Nightingale from Bizet Granados Goyescas Mussorgsky arr. Ravel Pictures at an Exhibition The National Centre for Orchestral Studies has been (avourably reviewed by the FT and the NCOS is moving into its new home in Greenwich Borough Hall. Return transport is provided.

SATURDAY, 9 JULY

A FINANCIAL TIMES CENTENARY EVENT GROUP SPONSOR: Midland Bank plc ASSOCIATE SPONSOR: The Royal Bank of Scotland plc

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PERSONAL FINANCIAL PLANNING AFTER	☐@ £10.00 = £	WORKSHOP FOR EXPATRIATE		EVENING CRUISE AND SYMPHONY CONCERT	☐@ £20.00 = £
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# US and EC at odds over cereal set-asides

BY BRIDGET SLOOM, AGRICULTURE CORRESPONDENT

IT IS ironic that, just as the European Community has screwed up courage to take land out of production to curb the growth of its cereal mountains, the US, inventor of such land set-aside programmes, appears to be moving in the opposite

direction.
Under the US Government's set-aside programme it has withdrawn a total 71m acres over the past three years, equivalent to nearly a quarter of the EC's whole arable area.

The US decision last month to relax the rules governing the programme angered Brussels. The move was provocative and in flagrant contradiction of the US's much-vaunted desire to reform world agriculture. Mr Frans Andriessen, EC Commissioner for Agriculture, and Mr Willy de Clerq, Trade Commissioner, said

set-aside rules has been and out of production for the undertaken simply to replenish stocks. Next year farmers will in a joint statement. stocks. Next year farmers will
only have to set-aside 10 per cent
of their wheat association its set-aside plan but it is already of their wheat acreage instead of clear that the European schemes 27.5 per cent, to be eligible for will differ in key respects from

programmes. US officials in Washington say the estimated 10m acres and nearly 10m tonnes that this will represent should have no noticeable effect on US wheat exports or on world prices. Mr Andriessen and Mr de Clerq disagree: they believe the US – chiefly wheat, feed grains decision will be likely further to including maize, rice and cotton destabilise the highly sensitive Further, while farmers are

world grain market. This new debate over set-aside is part of a continuing war of words between the US and the EC about farm reform, made

Weekly Metals

All prices as supplied by Metal Bulletin (last week's prices in

ANTIMONY: European free market 99.6 per cent, \$ per tonne, in warehouse, 2,200-2,240 (2,240-

BISMUTH: European free mar-

ket, min. 99.99 per cent, \$ per lb, tonne lots in warehouse, 5.15-5.40

CADMIUM: European free mar-

ket, min. 99.5 per cent, \$ per lb, in warehouse, ingots 7.75-8.00 (7.65-7.95), sticks 7.75-8.00 (7.65-7.95). COBALT: European free market, 99.5 per cent, \$ per lb, in warehouse, 6.65-6.95 (6.70-6.95).

MERCURY: European free mar-ket, min. 99.99 per cent, \$ per 76 lb flask, in warehouse, 290-305

MOLYBDENUM: European free market, drummed molybdic

oxide, \$ per lb Mo, in warehouse,

SELENIUM: European free

market, min 99.5 per cent, \$ per

(same).
TUNGSTEN ORE: European

free market, standard min. 65 per cent, 8 per tonne unit (10 kg) WO,

cif, 54-61 (56-61).
VANADIUM: European free market, min 98 per cent. VO, cif, 3.10-3.20 (same).

3 50-3 60 (3 55-3 65)

(5.10-5.40).

MR RICHARD LYNG, the US Secretary for Agriculture, has taken the Buropean Community to task for its hostile and "terribly disappointing" reaction to last month's US land set-aside

He wrote a personal letter to Mr Frans Andriessen, EC Commissioner for Agriculture, which was published in Washington yesterday. In it he denied that the

tentative set-aside schemes. By July 14, each member-state must have devised its own plan, within general EC rules, to present to farmers. The farmer will then decide whether the compensation offered - between £70 and £400 a hectare - is enough to induce them to take at

support the US model.

For example, set-aside is almost mandatory in the US because no government price support can be obtained unless the farmer participates. US programmes run from year to year, however, and are specifically tailored to each crop compensated for taking land out of production there is a formal

limit of \$50,000 a farmer. The system is simple in essence - the farmer gets paid worse today because the EC is for crops he does not grow - but about to introduce its own technically complex.

BY WILLIAM DULLFORCE IN GENEVA

on Trade and Development's revivifying fourth conference, in 1976, at the height of North-South Initially,

decision to lower set-astue requirements for US wheatproducers would disturb the world grain market.

The US decided to require farmers to take only 10 per cent of their acreage out of wheat production next year. compared with 27.5 per cent this year. Mr Lyng said this would still mean the US was idling wheatland equal to that of France, Spain and Portugal

Take the case of Mr Joe Hottel. a burly farmer who started with little and now lives in a delightful colonial clapboard compensation: farmhouse in Virginia, where he farms about 5.000 acres.

Mr Hottel usually grows maize, wheat and soyabeans and adds hay as a cash crop. He will grow no maize this year. He has opted for the ultimate in set-aside. This for the ultimate in set-aside. This allows him to take all his maize acreage out of production and to obtain in deficiency payments 92 per cent of what he would have received had he grown the crop.

He reckons he can clear his \$50-an-acre profit goal just as well by using this so-called well by using this so-called form the set-aside production to prevent erosion and water pollution, the set-aside programmes cost about \$534m to production to prevent erosion and water pollution, the set-aside programmes cost about \$534m to production to prevent erosion and water pollution, the set-aside programmes cost about \$534m to production to prevent erosion and water pollution, the set-aside programmes cost about \$534m to production to prevent erosion and water pollution, the set-aside programmes cost about \$534m to production to prevent erosion and water pollution, the set-aside programmes cost about \$534m to production to prevent erosion and water pollution, the set-aside programmes cost about \$534m to production and water pollution, the set-aside programmes cost about \$534m to production and water pollution, the set-aside programmes cost about \$504m to production and water pollution, the set-aside programmes cost about \$534m to production and water pollution, the set-aside programmes cost about \$534m to production and water pollution, the set-aside programmes cost about \$534m to production and water pollution, the set-aside programmes cost about \$534m to production and water pollution, the set-aside programmes cost about \$534m to production and water pollution, the set-aside programmes cost about \$534m to production and water pollution, the set-aside programmes cost about \$54m to production and water pollution, the set-aside programmes cost about \$54m to programmes cost about \$54m to programmes cost about \$554m to programmes cost about \$

cent, or 200 acres, to participate and he reckons his costs, in government support including rent, will be about programmes; on his remaining \$60,000.

800 acres he could grow maize. He is not a very typical US However, having opted for the farmer: he lives barely an hour's zero-92, he agrees his established drive from Washington, DC; he yield — a high 100 bushels an has already been offered and has acre — with the Government. This makes him eligible for fermbouse he has sold land for bip-squeak compared with what

Initially, 10 core commodities

VANADIUM: European free market, min 98 per cent. VO, cif, 3.10-3.20 (same).

URANIUM: Nuexco exchange value, \$ per lb, UO, 15.75 (same).

It was named with an initial suitable for ICO and buffer-stock suitable for ICO and buffer-stock initially envisaged for it.

Moreover, the fund's first marketing, including the account cannot lend its capital. identification of new end-users of the tin growing activities depend products.

LONDON METAL EXCHANGE

Way clear for UN's commodity fund

announced its readiness to join the instance of the common fund, will take to provide the common fund, will take improvements, research and conditions for implementing the the remaining two-thirds.

It is thus by no means certain the fund becomes thirds threshold, \$313.3m, at which the fund becomes the fund becomes the project was kept in limbo and ratified now have to meet for help and which join the procrastination of again and set a new date for producing and consuming the remaining two-thirds.

The project was kept in limbo again and set a new date for producing and consuming the remaining two-thirds.

Cuba is the 101st country to several governments and a implementation. This meeting is countries will seek association ratify and its 0.48 per cent refusal from the Reagan expected to take place in New agreements and price-stabilising contribution will take pledges to Administration to ratify the York but not before the autumn, finance.

66.72 per cent of the \$470m agreement which called for the Apart from the US nearly all Use of the fund's second starting capital.

US to contribute 15.71 per cent of the industrialised countries — account is more likely. Research the common fund was the fund — until the Soviet and the largest contributors to and development programmes for conceived at the UN Conference Union (5.78 per cent) made its the fund — had ratified.

Contribution will take pleages to the fund's second the fund's second the fund's second the fund is the fund — had ratified.

Contribution will take pleages to the fund's second the fund is fund — had ratified.

It was framed with an initial tea and tin - were identified as ask if it could still fulfil tasks product quality, productivity and

rise by nearly lom tonnes next year but this would enter stocks and the US share of world wheat trade was likely to fall from 41 per cent this year to 40 per cent next year. He concluded: "I hope in the future we can respond to each other's policy announcements with a greater regard to the facts of the case. That way, we will not get side-tracked from

He said US output would

the more important matters currently facing us."

between the loan rate, in effect a floor or intervention price, and 58m tonnes in 1984-85 to 58m tonnes last year.

Its administrative costs are bight along with the conservation production, at about 40 cents a production to prevent erosion bushels, which falls under the state of production to prevent erosion.

producing a crop.

It works this way: Mr Hottel's of letting weeds grow he is base acreage for maize is 1,000 planting clover, which when acres, he must set aside 20 per ploughed in will raise fertility, cent, or 200 acres, to participate and he reckons his costs,

This makes him eligible for farmhouse; he has sold land for compensation on a notional development.

He reckons that had he relied on farming alone he would have been "up a creek without a paddle," even with government

Support programmes.

Mr Hottel appreciates the bizarre aspects of set-aside, while many farmers seem rather bemused at being paid for producing nothing. He reckons the system is not as

difficult to police as some say, if only because farmers check up on each other, though he admiss that until now he has put his worst land into the schemes.

officials at the Department of Agriculture in Washington defend set-aside as a rather rough and ready tool that, for example, has succeeded, with so-called recents a bushel, is the difference of the succeeded, when so called recent as bushel, is the difference of the succeeded nearly 71m tonnes in 1984-85 to

US Agriculture Secretary. Last week he dubbed the EC scheme pip-squeak compared with what was happening in the US.

groundnuts, cocoa, jute and meat have been worked out. Others are

US MARKETS

yesterday, by 50 per ceut.
Crop fears, apart from attracting speculative buyers, are also reported to have caused a marked slow-down in sales of grains and oilseeds by US growers.
Some are simply thought to be holding out for higher prices. Others are genuinely nervous about being caught CUBA WILL ratify the UN stable, aimed to help finance Common Fund for Commodities buffer-stock operations of this week, opening the way for the price-stabilising agency to become operational about 12 years after its conception.

Cuba's ratification, which resources, in voluntary the rubber and cocoa agreements with price-on stabilising efforts since 1980, only agreements being struck with the rubber and cocoa agreements lCOs. Under these: organisations (ICOs), such as would still qualify for finance those covering rubber and cocoa.

The second has \$280m in voluntary to removed all obstacles or common fund.

Cuba's promise to ratify has financial requirements with the not removed all obstacles or common fund.

September 1983 was the last ICOs would have to provide deadline set for fulfilling guarantee capital equivalent to

short if crops fail. Cargill, the US grain-trade house, says average corn-belt moisture is the worst since

Chicago

climb still

By Nancy Dunne in Washington and Richard Mooney in London

THE SUN yesterday continued

to beat down on germinating grain in the US Midwest, spurring volatile and heavy trading in the Chicago Board of Trade's agricultural futures.

By mid-morning maize, speaken and sovement prices.

soyabean and soyameal prices were sharply higher, soya oil was moderately higher and wheat prices were mixed. Soyabean futures, having

An almost-uninterrupted upward run since then has seen the prompt July soyabean futures price put on 114 cents a bushel.

A landmark was reached

this Monday when, for the first

time in 10 years, all the board's grain-based contracts

soyabeans, soyameal, soya oil, maize, wheat and cats – closed with permissible limit

gains on the day.
In response the CBoT raised daily limits, with effect from

prices

higher

It said: "The Midwest is on

It said: "The Midwest is on the verge of a mild drought. The watchword for spring weather this year is dry, and possibly getting drier."

Cargill said mid-May to the end of this month was usually the prime period for rain in the corn belt: "Once into summer, it would take only a short period of high temperatures and dryness to create serious problems in the corn belt and spring grain areas."

The state crop report for Ohio, issued in Columbus by US Department Agriculture, said there had heen rain in some areas last needed. Fields were dry and weedy, with 77 per cent of the area short of moisture, it said. In Indiana the story was

# Brussels hints at curbs on chemicals BY TIM DICKSON IN BRUSSELS

THE IMPOSITION of new controls on farmers' use of pesticides and chemical fertilisers is hinted at in a position paper likely to be adopted by the European Commission today.

The eport is expected to be adopted at today's full meeting of the commission. It comes at a

the year's end the commission will bring forward new EC environmentally-friendly policies, such as that introduced by legislation covering:

• Marketing of plant-protection

products.

Production and marketing of agricultural products and foodstuffs obtained without using synthetic chemicals.

Are concerned about possible damage to their competitive standing.

The Mediterranean bloc, meanwhile, is mostly concerned in this context about the dangers.

see-sawed violently through-out the day, ended on a down swing, however. The prompt July position, which reached 909 cents a bushel at one stage, ended only 3 cents up on stage, ended only 3 cents up on balance at 882 cents. Nevertheless, the rise contin-ned an upsurge which had hegun on Tuesday last week, following a hot, dry holiday weekend in main growing Protection of fresh surfaceand ground-waters and coastal of soil erosion and waters against pollution from desertification.

particular on water resources." Elsewhere it is stated that EC have a beneficial effect on the policy's general aim must be to cut to a strict minimum the use

The promotion of alternative cut to a strict minimum the use

adopted by the European Commission today.

The idea results from an analysis, by the EC's Brussels executive, of the impact of recent developments in European agriculture on the environment. It is bound to prove politically controversial among memberstates if converted to concrete proposals.

The report is report adopted at today's full meeting of the commission. It comes at a time of growing discussion about agriculture and the environment. EC environment and farm ministers have aired the subject in the past nine months but progress beyond general statements of goodwill is hampered by the division between member-states which:

Favour Social Meeting of the commission. It comes at a division about agriculture and the environment. EC environment and farm commisters have aired the subject in the past nine months but progress beyond general statements of goodwill is hampered by the division between member-states which:

Denmark. Are concerned about possible

in this context about the dangers

waters against politition from desertincation.

The issue is assuming growing intends to promote a thorough intends to promote a thorough study on the use of economic instruments as a second of the opportunities presented by Common Agricultural Policy reform. It is felt a more instruments as a second of the opportunities presented by Common Agricultural Policy reform. It is felt a more instruments as a second of the opportunities of the opportuni study on the use of economic reform. It is left a unite instruments as a means to reducing consumption of chemical fertilisers and pesticides, thus decreasing their impact on the environment, in particular on water resources."

of chemicals for agriculture, not economic activities to boost only because of the known farmers' incomes is likely to be hazards to humans, fauna and accompanied by an emphasis on filora, but also because of uncertainty about the long-term and synergetic effects of the release of such agents into the its traditional way of life.

### Permission given for more Flow Country forestry

BY JAMES BUXTON IN EDINBURGH

is named the Flow Country by conservationists who have made it a source of environmental controversy.

Mr Malcolin Rifkind, Scottish Secretary, is allowing the afforested. commission, a government body. However

Permission for planting on a fifth site covering 472 ha in the heart of the Flow Country was fiture investment in wood-turned down and about 354 ha

Fountain Forestry, a private still does its own planting. It has company, on behalf of wealthy operated in Caithness and individuals.

Sutherland since the 1920s.

was excluded from planting in At that time he a private forestry.

THE UK Government has Last July the Nature permitted the Forestry Conservancy Council, the Commission to plant more trees in the peatlands of Caithness and Sutherland, in Scotland. The area is named the Flore Counter by

Last January Mr Rifkind agreed much of the Flow Country, rich in wildlife and rare vegetation, should not be

However, he said some to plant trees on four sites planting needed to take place in covering 1,059 hectares in Caithness and Sutherland.

At that time he approved four private forestry applications Forestry in the Flow Country covering 2,300 ha. has became a big issue in the past few years following large tree planting is now done by the scale planting managed by private sector, the commission

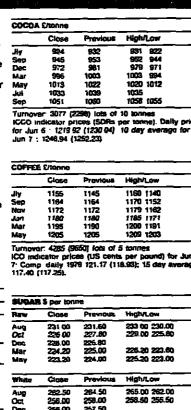
operated in Caithness and Sutherland since the 1920s.

### LONDON MARKETS

ondon Metal Exchange yesterday and in the sterling price, up £35.50 a tonne to \$722.50 for cash metal was the highest for three years. The market was simulated maieure declared at Peru's Yauricocha caused by lack of inputs and spare parts Sentiment was also helped by potential purchases by the Soviet Union and India traders said. Also overhanging the zinc market is the prospect of a strike at in the Yukon, a major zinc supplier, Meanwhile, nickel prices shrugged off the recent good news and regained a great rose by \$625 to \$15,850 a tonne yesterday. Traders said this was in during the third guarter.

SPOT MARKETS		
Crude of (per barrel FOS)		f or -
Dubei	\$14.24-4.28u	
Brent Blend	\$16 15-6 25	-0.10
W T /.(1 pm ost)	\$17 4G-7.43u	+802
Oil products (NWE prompt d	olivery per to	ane CIF)
Promium Gasoline	\$195-197	-1
Gao Oil (Sovict)	\$139-141	
Heavy Fuel Oil	\$75-76	
Nephihe	\$160-162	-4
Petroloum Argus Estimates		
Other		+ 01 -
Gold (per tray oz)	\$463.50	+0.25
Silver (per troy ozide	733c	+1
Platinum (per troy oz)	\$615.10	+260
Palladium (per troy oz)	\$132.90	-0 10
Aiumireum (free market)	\$3855	-110
Copper (US Producer)	1155 <sub>2</sub> -118c	+5
Lead (US Producer)	35.5c	+05
Nickel (free market)	69Sc	+ 10
Tin (European froe market)		-7.5
Tin (Kuela Lumpur merket)		40.0¢
Tin (Now York)	332.5c	
Zinc (Euro, Prod. Price)	\$1157.5	
Zinc (US Prime Western)	62.125c	
Cattle (Ine weight)!	118,53p	+307
Shoop (dead weight)†	238.82n	+ 13.96
Pigs (live weight)†	69.400	-0.16
London dally Sugar (raw) London dally Sugar (white)	\$262.0y	+38 +25
Tale and Lyle export price	\$267.5y £253.0	
1205 SUG TALE EXPORT DEICH	1493.0	+ 1.5
Barley (English feed)	£102 5z	
Maize (US No 3 yellow)	£136.5	-1.0
Whost (US Dark Northern)	£109.75y	+ 3.50
Rubber (spot)♥	84.00o	-1 00
Rubber (July)	89 00p	-1.00
Rubber (Aug)	89 50p	-1.00
Rubber (KL RSS No 1 July)		-0.5
		<del></del>
Coconut oil (Philippines)	\$585x	
Paim Oil (Malaysian)§	\$-180×	
Copra (Philippines)9	\$395	+ 15
	Acres F	IRC

E a tonne unices otherwise stated p-pence/kg c-cents/ib r-ringgi/kg, u-July, x-Jul/Aug, s-May/Jun z-Aug y-Jun/Jul, t/Meal Commission average tasticck prices, "change from a week ago. \$\forall \text{Long} \text{prices}, "change from a week ago. \$\forall \text{Long} \text{prices}, "change from a week ago. \$\forall \text{Long} \text{prices}, "builton narket close m-Malaysian conta/ko.



Raw	Close	Previous	Hightow
	231 00	231.60	233 00 230.00
Aug Ost	226.00	227.80	229.00 225.80
Dec Dec	228.00	226.80	Triff Dans
Mar	224.20	225.00	225.20 223.60
mar May	223.20	224.00	225.20 223.00
		42-14-	
White	Close	Previous	High/Low
Aug	282.50	264.50	265.00 262.00
Oct	256.00	258.00	258.50 255.50
Dec	256.00	257 50	
Mar	258 50	260.50	260 50 250.00
May	259.00	261.00	260.00 258.50
Aug	260.00	262.00	
Oct _	252.00	263.00	
DOC 145	O, Mar 15	per white;	Aug 1520, Cc 5, Aug 1520
Doc 145	Miste (FFr 10, Mar 15 L \$/100004	per wille): 15, May 151	5, Aug 1520
Doc 145	L Stonne	16. May 151	5, Aug 1520 High/Low
GAS Of	L S/tonne Close	Previous	High/Low 141.50 138 50
GAS Of	L S/tonne Close 141.25 139.25	Previous 140.50 140.00	High/Low 141.50 138.50 140.25 138.50
GAS Off Jun Jun Jun Aug	Close 141.25 140.50	Previous 140.50 140.00 142.00	High/Low 141.50 138 50 140.25 138.50 141.00 140.25
GAS Oli Jun Jun Jun Aug Sep	Close 141.25 140.50 142.25	Previous 140.50 140.50 142.00 143.50	High/Low 141 50 138 50 140 25 138 51 141 00 140 25 142 25 141 25
GAS Off Jun Jun Jun Aug	Close 141.25 140.50	Previous 140.50 140.00 142.00	High/Low 141.50 138 50 140.25 138.50 141.00 140.25
GAS Oli Jun Jun Jun Aug Sep Oct	Close 141.25 139.25 140.50 142.25 142.75	Previous 140.50 140.50 142.00 143.50	High/Low 141 50 138 50 140 25 138 50 140 25 141 25 142 25 141 25 143 00 142 25
GAS Off Jun Jun Aug Sop Oct	Close 141.25 140.50 142.25 140.50 142.75 147: 5714 (50	Previous 140.50 140.00 142.00 143.50 144.50	High/Low 141 50 138 50 140 25 138 50 140 25 141 25 142 25 141 25 143 00 142 25
GAS Off Jun Jun Jun Aug Sup Oct Turnové	L Shonne Close 141.25 139.25 140.50 142.25 142.75 142.75 142.75 15714 (50	Previous 140.50 140.00 142.00 143.50 144.50 051) lots of	High/Low 141.50 138 55 140.25 138 55 141.00 140.25 142.25 141.25 143.00 142.75
GAS OI Jun Jun Jun Sup Oct Turnove GRAINS	141 25 141 25 142 25 140 25 142 25 142 25 142 25 142 75 142 75 142 75 142 75 142 75 143 75 144 (56)	Previous 140.50 142.00 142.00 143.50 144.50 144.50 151) lots of	High/Low 141.50 138 55 140.25 138 55 141.00 140.25 142.25 141.25 143.00 142.75 100 tonnes
GAS OIL Jun Jun Jun Jun Aug Sup Oet Turnove GRAINS	141 25 141 25 142 25 142 25 142 25 142 25 142 25 142 25 142 27 142 25 142 25 14	Previous 140.50 140.50 140.00 143.50 144.50 051) lots of  Previous 107.80	High/Low 141.50 138 50 140.25 138 50 140.25 138 50 142.25 141.25 143.00 142.25 143.00 142.25 143.00 142.25
GAS OIL Jun Jun Aug Sup Oct Turnque GRAINS Wheat Jly Sop	Close 141.25 139.25 142.25 142.75 142.75 15. Chonne Close 198.45 198.45	Previous 140.50 140.00 142.00 143.50 144.50 144.50 145.50 147.50 105.20	High/Low 141.50 138 50 149.25 138 50 149.25 138 50 142.25 141.25 142.30 142.25 143.00 142.25 100 tonnes
GAS Off Jun Jun Jun Aug Sup Oct Turnove GRAINS Wheat Jay Nov	Close  L Shonne  Close  141.25 140.50 142.25 140.50 142.25 142.75 142.75 142.75 142.75 142.75 142.75 142.75 142.75	Previous 140.50 142.00 142.00 143.50 144.50 051) lots of  Previous 107.80 105.20 107.25	High/Low 141.50 136 55 149.25 138.50 141.00 140.25 142.25 141.25 143.00 142.25 100 tonnes 108.50 108.25 108.50 108.25 108.50 105.70
GAS Off  Jun  Jun  Aug  Sap  Oct  Turnove  GRADUS  Shy  Sep  Nov	Close 141.25 143.25 142.25 142.25 142.25 142.75 16 Chonne Close 108.00 108.00 110 15	Previous 140.50 140.50 142.00 143.50 144.50 251) lots of  Previous 107.80 105.20 107.25 109.45	High/Low 141.50 138.50 140.25 138.50 141.00 140.25 142.25 141.25 143.00 142.75 100 formes 108.50 108.25 108.50 107.70 110.75 108.95
GAS OII Jun Aug Sup Oct Turnove GRAINS Wheat Lity Nov	Close  L Shonne  Close  141.25 140.50 142.25 140.50 142.25 142.75 142.75 142.75 142.75 142.75 142.75 142.75 142.75	Previous 140.50 142.00 142.00 143.50 144.50 051) lots of  Previous 107.80 105.20 107.25	High/Low 141.50 136 55 149.25 138.50 141.00 140.25 142.25 141.25 143.00 142.25 100 tonnes 108.50 108.25 108.50 108.25 108.50 105.70

101.50 103.75 108.20 108.35 £10.75

101.1 103.4 105.8 107.8 109.9

		_	Close	Previous	High/Low
		- Jly	1242.6	1199.0	1249.0 1200.0
iÇKS.	High/Low	Oct	1345.0	1310.0	1353.0 1310.0
50	141.50 138 50	_ Jan	1354.0	1322.5	1372.5 1345.0
20	140.25 138.50	Apr	1395.0	1380.0	1385.0
30	141.00 140.25	8F1	1288.0	1295.5	
50	142.25 141.25				
50	143.00 142.75	Turnov	ver: 381   191	9)	
ts of	100 tonnes				
ious	High/Low	COT		and shinman	t sales for the
30	108.50 108.26				d to 535 tonnes
20	109.50 105 75				WIGHS Week
5	108 50 107.70			dereto with e	
15	110,75 109.p5	Colat	igrnian, Rus	even and isr	aeli growths.
<b>10</b>	112.85 112.26	1			-
70	115.30 114.85	_ {			
iOUS.	High/Low	[ ]			
15	102.00 101.50	תטוב ו	E		
LQ .	104,50 103.75				dee BTC \$495.
<b>SC</b>	108.90 105.20				415, CANOF
5	108.85 108.35			1480. BWÇ Ş	450, BWD \$360,
20	111.25 11G,75	BTD:	\$400.		
9) . E	larley 232 (73)	<sup>-</sup>		_	

92.5 100.0 139 0 148.0

SOYABEAN MEAL Cronne

Turnover: 219 (280) lots of 100 tonnes

Close Previous

166.00 166,50 169.50

: 465 (845) lots of 100 tonnes HT FUTURES \$10/Index poi

174.00 170.00

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest	THE PRECIOUS METALS assed in late
Aluminium	. 59.7% purity	(\$ per tonne)			Rin	g turnover 0 tonne	trading, influenced by outside markets, as
Cesh 3 months	3795-815 2730-50	3845-65 2725-45		3845-65 2720-40	2720-40	5,896 lots	long-liquidation extended losses from earlier in the session, reports Drexel
Aturalakım	,99.5% purity (	E per tonne)			Fling tur	nover 22,350 tonne	Burnham Lambert Trade, commission
Cash 3 months	2095-105 1492-4	2130-5 1497-8	1495/1480	2120-30 1484-5	1491-2	53,594 lots	house and technical selling overcame mixed buying and short-covering as the
Copper, Gr	rede A (E per to	prine)			Pling tur	nover 38,700 tonne	markets fell in moderate volume, Copper rose sharply as fund buying touched off
Cash 3 months	1496-503 1283-4	1458-60 1282-3	1472/1470 1285/1253	1471-2 1254-6	1263-4	70,695 lots	commission house stops to push values higher in the absence of serious selling.
Copper, St	endard (C per t	DRINE)			Rin	g turnover 0 tonne	Energy futures rallied on technical buying
Cash 3 months	1310-30 1235-65	1260-80 1220-30		1275-300 1215-25		48 iota	following a failure to follow-through on yesterday's sell-off. Sugar was volatile,
Silver (US	cents/fine oung	:e)			Ring t	Umover 50,000 ozs	closing lower on balance with mixed
Cosh 3 months	730-3 743-6	729-31 742-4	722	722-3 735-6	740-5	684 lots	activity in a market influenced more by the action in the soyacomplex than anything else. Coffee was slightly higher
Lead (E per	r tonne)				Ring tu	mover 7,550 tonne	on speculative and fund buying, cocca
Cash 3 months	372-4 352-3	363-5 346-7	371 354/346	370-1 350-1	852-3	11,488 fots	was featureless. Soyabeans closed on the defensive as increased margin
Nickel (\$ pa	er tonne)				Ring N	mover 1,284 tonne	requirements led to long-liquidation and
Cash 3 monns	15700-6000 14450-500	15000-450 13900-4000	15500/15300 14500/13900	15400-50 14150-200	14400-500	6,012 lots	profittaking, however, commercial interest in bull spreading continued, giving the
Zinc (it per	torene)				Ring tur	nover 16,900 tonne	market underlying support. Soyameal continued firm in response to higher
Cash 3 months	770-5 700-2	736-8 685-6	775/770 705/898	771-5 704-5	701-2	20,419 lots	European and South American cash values, while soyabean oil was lower as cash values in Brazil sased.
POTATOES	Chonne		<u>z</u>	ONDON BULLIO	N HARKST		New York
	Jose Previ	ous High/Low		old (fine oz) 5 p		Ineleviupe 3	uem iniv

2150 2300 2450

The UK, however, was among

- cocoa, coffee, copper, cotton, commodity markets since the Common-fund finance would hard fibres, jute, rubber, sugar, common fund's conception and to go to find ways to improve

the first last year to say big being formulated for hard fibres,

WORLD COMMODITIES PRICES

changes had occurred in world tropical timbers and bananas.
commodity markets since the Common-fund finance would

LONDON BU					
Gold (fine oz)	<del>_`</del>		upe 3		t
Close	46314-46314		2551 <sub>2</sub> .		
Opening	463-46312		256-25 255.86		
Morning fix	463.40 464.40		256.10		
Afternoon fix Day's high	484 lo -485		20. IV	9	
uaysnign Davislow	45214-48214				
Coins					_
	\$ price		C equ	_	٠.
JS Eagle	477-482		263-26		
Mapl <del>eles</del> i Britannia	477-482 477-482		263-26 263-26		
ornamna Kruoerrand	462-465		255-25		
1/2 Krug	242-251		133 12 .		
1/4 Krug	120-125		66 k - 7		
Angel	478-481		262 4		
1/10 Angel	48-53		26 <sup>1</sup> 2 - 2		
New Sov.	108-110		60-603	Ł	
Old Sov.	109-11012		60-61		
Noble Plat	630.35-39.6		348.25	53.35	j
Silver fix	p/fine oz		US ct	equ	lv
		_			
	401.65	_	728.00		
3 months	410,40		742.15	j	
6 months	410.40 419.55		742.15 758.50	j	
3 months	410,40		742.15	j	
3 months 6 months 12 months	410.40 419.55 438.75		742.15 758.50 787.05	j 3	
3 months 6 months 12 months	410.40 419.55 438.75	_	742.15 758.50 787.05	OPTI	_
3 months 6 months 12 months LONDON MET	410.40 419.55 438.75	_	742.15 758.50 787.05	OPTI	OHS uts
3 months 6 months 12 months LONDON MET	410.40 419.55 438.75 AL EXCHARG	_	742.15 756.50 787.05	OPTI	uts
3 months 6 months 12 months	410.40 419.55 438.75 AL EXCHARG	Ca July 425	742.15 756.50 787.05	OPTI	uts
3 months 6 months 12 months LOSEDON MET Aluminium (91 Strike price \$	410.40 419.55 438.75 AL EXCHARG	C <sub>4</sub> July 425 266	742.15 756.50 787.05 ADED tills Sept 325 226	OPTI P	uts Sep
3 months 6 months 12 months 12 months LOSEDON MET Aluminium (% Strike price S	410.40 419.55 438.75 AL EXCHARG	Ca July 425	742.15 756.50 787.05 ADED tils Sept	OPTI P July	Sep 154
3 months 6 months 12 months LONDON MET Absolution (96 Strike price 5 2500 2700 2900	410.40 419.55 439.75 AL EXCHARG	July 425 266 147	742.15 756.50 787.05 ADED tills Sept 325 226	OPTI P July 17 57 137	Sep 154 251
3 months 6 months 12 months LONDON HET Aluminium (91 Strike price \$ 2500 2700	410.40 419.55 439.75 AL EXCHARG	July 425 266 147	742.15 756.50 787.05 ABSD ABSD ABSD ABSD 325 226 152	OPTI P July 17 57 137	Sep 154 251 373
3 months 6 months 12 months LONDON MET Aluminium (96 Strike price S 2500 2700 2900 Aluminium (96	410.40 419.55 439.75 AL EXCHARG	Cu July 425 266 147 Cu	742.15 756.50 787.05 ADED Alls Sept 325 226 152	OPT1 P July 17 57 137	Sep 154 251 373

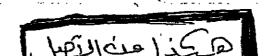
Calls

403 240 18 283 162 47 185 105 98

Puts

### in bull spreading continued, giving the market underlying support. Soyameal continued firm in response to higher European and South American cash values, while soyabean oil was lower as ash values in Brazil eased **New York** Jun Jul Aug Oct Oec Feb Apr Jun Aug 460.0 461.6 464.8 470.0 475.4 480.8 486.3 492.0 498.0 SR.VER 5,000 tray oz. cents/tray oz. Close Previous High/Low 723.7 728.0 732.9 737.8 753.2 758.2 769.2 780.4 792.0 803.7 727.0 731.5 735.4 741.2 757.0 762.0 773.0 784.2 795.8 807.5 784.0 794.5 805.0 820.0 COPPER 25,000 lbs; cents/fbs Çios 107.00 102.00 97.70 93.40 86.70 84.80 81.20 78.70 77.40 76.40 110.00 102.70 82.50 100 169 259

### Chicago CRUDE OIL (Light) 42,000 US galls \$/barrel SOYABEANS 5,000 bu min; cents/60to bushel 17.39 17.48 17.49 17.49 17.48 17.49 17.45 17.42 17.26 17.45 17.25 17.37 17.43 17.43 17.43 17.43 17.37 17.34 High/Low 882/0 887/0 886/4 890/4 896/4 901/2 899/4 875/4 854/0 716/0 879/0 884/4 885/4 884/0 901/0 905/0 898/4 896/0 734/2 HEATBIG OIL 42,000 US galls. canta/US galls 4620 4655 4725 4790 4785 4950 4950 4950 4745 4620 4600 4545 4715 4785 4870 4925 4960 4945 4745 4820 25.96 26.17 26.35 26.52 26.90 28.95 27.20 27.66 27.50 27.57 25.90 26.10 26.35 26.90 25.90 27.20 27.65 27.50 27.57 COCOA 10 tomes Previous High/Low Close 1583 1609 1641 1675 1698 1715 1738 1677 1603 1635 1673 1697 1723 1746 Close 287.7 285.4 284.7 284.0 277.5 277.0 274.0 288.0 268.5 276.5 274.0 274.5 272.0 268.0 268.0 266.0 265.0 272,7 270,4 269,7 269,0 268,7 267,7 264,7 264,0 263,0 263,5 Close Previous High/Low 138.32 138.30 140.59 140.68 140.90 141.35 141.35 137,47 138,47 139,86 139,96 139,95 140,88 141,88 MAZZE 5,000 bu min; cente/501b bushel SUGAR WORLD "11" 112,000 (bs; cents/ 267/2 286/0 276/6 263/6 263/0 269/0 267/0 256/0 Jul Sep Dec Mar May Jul Sep Dec 10.22 10.17 10.10 10.04 9.99 9.98 10.03 Jul Sep Dec Mar May Jul 378/0 384/4 385/4 398/0 383/0 350/0 67.80 64.75 63.46 64.02 63.65 68,34 64,65 63,44 63,89 64,08 365/0 377/6 362/0 393/0 0 ORANGE JUICE 15,000 lbs; centivities 174.60 167.75 159.20 155.20 154.75 154.00 154.00 154.00 174,50 188,65 158,60 155,50 165,00 Jul Sep Nov Jan Mar May Jul Sep Nov 73.10 68.17 67.67 69.65 70.57 72.25 72.70 73.22 68.67 68.12 69.97 70.35 71.85 71.85 73,67 68,82 68,32 70,07 71,05 72,70 72,70 73,00 68,10 67,70 69,40 70,35 71,90 72,90 52,95 53,62 52,25 46,05 47,40 48,70 46,00 48,35 June 6 June 3 mnth and yr ago 1888.5 1874.2 1723.4 \ 1614.2 DOW JONES (Base: Decomber 31 1974 |- 100)



16 23 100

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EUROPEAN OPTIONS EXCHANGE

3 85 4 50 1 70 1 80 22 15 141 36 247

TOTAL VOLUME IN CONTRACTS 20,628 B - Bid & - Call

City Merchants Bank ...... Crydesdale Bank Coror: Bk N East ....

### CURRENCIES, MONEY AND CAPITAL MARKETS

### **FOREIGN EXCHANGES**

# Sterling quietly stronger

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short covering after its recent steep decline, and a weaker dollar, all helped to put the pound back on a more even keel. There was talk in some sectors of a further rise to 9 p.c. in base rates. However given sterling's recovery, the authorities will be unwilling to provoke another speculative free-for-all which last time resulted in three base rate reductions.

reductions.
Next week's release of US trade Next week's release of US trade figures may well determine the short term pattern not only for the dollar but for the pound. Until then trading is likely to remain fairly subdued.

The pound rose to \$1.8120 from \$1.8025 and DM3.1075 compared with DM3.0950. It was also higher against the yen at Y227.75 from

with Distriction of the year at Y227.75 from Y227.25. Elsewhere it finished at SFr2.5900 from SFr2.5806 and FF110.4950 against FF110.4625.

Already trading activity is starting to contract ahead of next week's release of US trade figures for April Analysts are less than unanimous on the extent to which these figures will affect the dollar. A deterioration after the sharp improvement in March is generally expected.

However the figures are notori-

ously unreliable, and very diffi-

E IN NEW YORK						
June.7	Latest	Predent Class				
£ Spet	18110-18120 8.11-8.10pm 0.44-0.41pm 1.86-1.75pm	1.8016-1.8015 0.73-0.016s 0.515-0.07pm 2.10-0.80pm				
Forward previous and deshorts apply to the RS dollar						
STERLING INDEX						
	- Jan	7 President				

**CURRENCY RATES** 

Jane 7	England Index	Galanty Changes %
Stering	76.5 93.6 81.7	16.8 13.2 -4.6
Austrian Schillforg	138.0 99.7 92.3	+104 -51 +1-9
Suriss Frant	172.6 172.6 176.3	+22.1 +22.1 +14.9
French Franc	71.0 46.0 245.7	-13.8 -20.3 -82.7
Morgan Guaranty da	nors merage l	980-1982 = 100.

OTHER CURRENCIES

Jane 7	£ .	. 5
Argentina	13.3726 - 13.4705	7.3800 - 7.4300
Australia Brazii	22750 - 27780 297.90 - 299.55	1 2550 - 1 2560 164 48 - 165 25
Finland	7 3705 - 7:3840 246.40 - 250.70	4.0685 - 4.0705 136.25 - 138.50
Greece	14 1585 - 14 1755	7 8145 - 7.8045
konta(Stila)	122.00 - 1311-35 - 1323-20	- 67.25° 728.48-734.40 :
Kuwah	0.49930 - 0 49960 64 90 - £5.00	0.27550 - 0.27560 35 80 - 35.90
Malayua	4.6685 4.6800	2.5780 - 2.5806
Mesico a. Zestand	4077.00 - 4081.05 2.6080 - 2.6130	2250 00 - 2251.00 1.4385 - 1.4410
Speed Ar	6.7965 - 6.8005 3.6555 - 3.6610	3.7500 - 3.7510 2.0165 - 2.0185
Singapore	4,0360 - 4.0475	2,2320 - 2,2335
S. M (Fo)	5 2925 - 5 4115 51.50 - 51.75	29195-29850 28.55-2845

..... 6.660 - 6.6620 3.6725 - 3.6735 MONEY MARKETS

Rates fall back

INTEREST RATES eased in London yesterday. Three-month interbank fell back to 8% 8% p.c., but base rate level of 8% p.c., but well below the peak of 98% p.c. but well below the peak of 98% p.c. but touched on Monday.

Sterling's rise of nearly 1 cent of 10m.

The forecast was revised to a flat position at noon, and the against the dollar, and its better flat position at noon, and the performance against the D-Mark, Bank gave no assistance before helped create better sentiment on lunch or in the afternoon.

the London money market. UK clearing bank base leading rate \$1<sub>2</sub> per cent from Jean 5

Trading was nervous however, with dealers not convinced that

rates will hold at the present pound's recovery high-

lights the main problem for the Government, in its wish to stem credit growth and keep inflation

Much as the authorities would like to see higher interest rates, there remains the danger that speculative money will be attracted back to London, leading to another surge in the value of

The Bank of England forecast a credit surplus of around £200m. with factors affecting the market including repayment of any late reserves to the banking system assistance, bills maturing in official hands together with a take chase agreements, when Federal up of Treasury bills draining funds were trading at 7% p.c.

STERLING regained some of its cult to predict. One thing does on Monday, but drifted a little attraction yesterday and finished remain clear. The US authorities during the afternoon to finish at towards the best level of the day. Will be keen to try and rule out FFr3.3779. The French france Its exchange rate index rose to any sharp fluctuations ahead of ended slightly firmer against its

The dollar finished a little Two half point increases in UK base rates within a week, some short covering after its recent The dellar finished a little rate, weaker yesterday at DM1.7150 and Y125.70 comshort covering after its recent with Y125.70 classification with Y125.70 Eleganders is seem

> nificance into the dollar's softer tone, pointing out that while interest rates remained at current levels and the economy con- the D-Mark's recovery may have

> changed at FF13.3800 at the Paris from March, and had no effect on fixing, compared with FF13.3787

76.5, having started at 76.4. This November's Presidential elected in a was up from Monday's close of tions.

seemed to shrug off the effects of Monday's comments by Mr Kari Otto Poehl, Bundesbank presipared with Y125.10. Elsewhere it slipped to SFr1.4290 from SFr1.4320 and FFr5.7925 against FFr5.8050. On Bank of England figures, the dollar's exchange rate index fell from 94.0 to 93.6. seemed to shrug off the effects of Monday's comments by Mr Karl Otto Poehl, Bundesbank president which stressed an official desire not to see a weaker D-Mark. Despite this and confirmation that the Bundesbank had Traders failed to read any signoid around \$2bn late in May, the

rent levels and the economy continued to show signs of a little overdone over the past
health y growth, underlying sentiment for the dollar
would remain good.

The French franc traded quietly for most of the day, as investors awaited the outcome of next
Sunday's French general election. The D-Mark was barely
thought of the desired at FF2.3300 at the Paris

Tom March, and had no effect on

EMS EUROPEAN CURRENCY UNIT PATES

	Eca cestral faces	Correctly Amounts against Eco June 7	% change from central rain	targe adjusted for divergence	Olvergence Lister %
telgian Franc	42.4582 7.85212 2.05853 6.90403 2.31943 0.768411 1483.58	43.3751 7 90515 2.07478 7.01321 2.32983 0.775571 1542.16	+221 +0 68 +0.79 +1.58 +0.45 +0.95 +3.95	+1.02 -0.51 -0.39 -0.74 -0.25 +3.27	± 1.5344 ± 1.5404 ± 1.0981 ± 1.3674 ± 1.5012 ± 1.6684 ± 4.0752

est calculated in Figuresia Times.

POUND	SPOT-	FORWARD	AGAINST	THE P	OUND
	6.4			7.2	

Jane 7	Clay's spread	Close	One month	10.0	Three mentis	% p.a.
state	1.8095 - 1.8145 2.2250 - 2.2320 3.47b; -3.49b; 64.65 - 65.05 11.79b; -11.84b; 1.1965 - 11.84b; 1.1965 - 11.84b; 2.31.25 - 254.90 2.31.25 - 254.90 2.31.25 - 254.90 2.31.25 - 254.90 2.31.25 - 254.90 11.30b; -11.35 10.66 - 10.50b; 10.82b; -2.28b; 21.73 - 21.36 2.75; -2.57b; consentible france.	1815 18125 22295 22295 22295 3484 3494 4490 4500 11834 11844 11840 11849 11845 234 25 2045 234 25 2045 234 25 11334 11344 1134 1134 1134	0.11-0.08cpm 0.17-0.27cbis 18-1cpm 18-7cpm 18-7cpm 10.05-0.10cbs 16-17cbis 16-17cbis 16-17cbis 16-17cbis 16-17cbis 11-12-2creits	0.63 -1.21 4.52 -0.25 -0.78 -1.55 -1.62 -1.90 4.61 -2.90 4.61 -2.90 6.08 forward 6	0.44-0.39pm 0.45-0.56dm 41y-35pm 50-36pm 15-pm-1 speeds 0.28-0.38pm 141-28eds 51-78es 51-78es 25-2-3pm 35-5-5-6ts 24-2-3pm 26-2-34pm 26-2-34pm 26-2-34pm 26-2-34pm	0 92 -0.91 -1.66 -0.21 -1.16 -1.37 -1.36 -1.45 -

**DOLLAR SPOT- FORWARD AGAINST THE DOLLAR** 

June 7-	Day's spread	Close	Gas regath	p.a.	Tarte months	, i	ŀ
UKt	1.80% - 1.8145 1.5580 - 1.5635 1.22% - 1.2335 1.9200 - 1.9270 38.75 - 15.90 6.514 - 6.534 1.70% - 1.7170 1404 - 1404 112.95 - 113.15 12714 - 12744	1815-18175 1590-1560 1290-12310 1290-12310 35.80-35 9 6531-6531 1745-1735 1401-1401 11135-11345 12714-12714 6251-625 574-5795	0.11-0.08cpm 0.04-0.09chs 0.17-0.20cfs 0.61-0.99cpm 0.30-0.90cress 0.64-0.30fpm 35-50chs 21-33cds 2.10-3.10freds 2.10-3.15cress	0.63 -0.50 -1.80 -1.80 -1.67 -1.10 -4.38 -3.64 -2.45 -2.45 -2.45 -2.45	0 44-0 39pm 0 08-0 18/ls 0 55-0 57/ls 171-16/pm 17-13/ps 100-1 10/ls 170-17/lpm 190-180/ls 7-50-7-50/ls 8-25-8-65/ls 0 55-0 25/pm	0.92 -0.33 -1.82 -1.82 -0.80 -0.80 -0.42 -	
Swedien	5.98 -6.004 125.50 - 125.80 12.024 - 12.064 1.4230 - 1.4310	5983 - 599 12548 - 123.75 12.054 - 12.064 1.4225 - 1.4295	1.25-1.55oretis 0.41-0.38ypm 4.05-3.75grapm 0.63-0.58cpm	200 377 309 5.09	3.75-4.15ds 1.12-1.07sm 11.25-18.25sm 1.75-1.70sm	264 3.48 3.57 4.84	1

			Morth	Months	Menths.	Year
Sterling US Dollar Can Bollar Da Bollar Da Gallar D Garider Ster Fram Denischmark Fr. Fram Ballan Live B. Fr. Chul Ven D. Knose Asian SSvoj	33-33- 25-33- 33-34- 10-8	74-7 94-74 94-34 32-3-34 32-3-34 54-54 64-54 54-3-3 84-8-4 74-7-4	84 84 93 94 4 27 24 37 34 37 34 57 7 5 64 6 64 6 84 81 74 75	85 - 85 - 75 - 75 - 75 - 75 - 75 - 75 -	91-86 74-74 94-94 94-94 3-24 3-34-34 5-3-34 64-64 64-64 84-84 84-84 74-74	94-44-4-4-4-4-4-9 94-4-4-4-4-4-4-4-9 94-4-4-4-

XCHA	NGE (	ROSS	RATI	es .						
Jose 7	1	5	DN	Yes	F Fr.	S Fr.	H FL	מט	6 S	B Fr
Š	1 0.552	1.812 1	3.108 1.715	翌	10.50 5.75	2.590 1.429	3.498 1.925	2305 1272	2.230 1.231	64 95 35.84
AEN .	0.322 4.390	0.583 7.954	13.64	73.29 1000	3.378 46.09	0 833 11.37	1.122 15.31	741.6 101.19	0 71B 9 789	20 90 265.1
F Fr. S Fr.	0 952 0.385	1.726 0.700	2.960 1.200	217.0 87.95	10. 4.054	2.467 1	332 1347	2195 890.0	2.124 0.861	61.86 25.08
N FL Lita	0.787 0.434	0.519 0.786	0.891 1.348	65.31 98.83	3.010 4.555	0.743 1.124	1513	660.8 1000	0.639 0.967	18 62 28 18
	-				<del></del>	<del></del>	1	***	· -	

\$	0.552	1	L715	1257	5.795	1429	1.92	1272	1231	2004
DAY	0.322	0.583	1	73.29	3.378	0 833	1.122	741.6	9 728	20 90
	4.390	7.954	13.64	1000	44.09	11.37	15.31	10119	9 789	285.1
F Fr.	0 952	1.726	2.960	217.0	10.	2.467	3322	2195	2.124	61.86
S Fr.	0.385	0.700	1.200	87.95	4.054	1	1347	890.0	0.861	25.08
H FL	0.287	0.519	0.891	65.31	3.010	0.743	1513	660.8	0.639	18.62
Lita	0.434	0.786	1.348	98.83	4.555	1.124		1000	0.967	18.63
C.S.	0.448	0.813	1.394	102.2	4 709	1161	1.564	1034	1	29 13
B.Fr.		2.790	4.785	250.7	16.17	3968	5.370	3549	3.433	100.

_	(71 00 a.m. June 7)	3 months US dollars	6 months	US Dollars
	bit 78	offer 73	bid 74	offer 7%

In Frankfurt call money was sharply higher, touching 3.50p.c. at one point from 3.325 p.c. on Monday, Strong demand for short term funds was generated by a run down in banks' minimum reserve holdings with the Bund-Liquidity was drained as banks were faced with large tax pay-

ments on behalf of corporate clients and also settlement of bids on DM2.08bn of two-year Treasury discount paper.
Liquidity levels were also being affected by the Bundes-bank's support action for the

D-Mark. However the rise in rates was seen by most traders as being a temporary affair.

In New York the Federal

Reserve added temporary

Reserves to the banking system

Via \$1.5bn of customer repur
Figure Hapes from the first stress from t

FINANCIAL FUTURES

# Waiting for US trade data

days was expected to decline. LIFFE LING GR.T FUTURES OPTIONS

Pris Ang 155 237 259 364 452 523 651 706 877 916 115 1141 1358 1375

Estimated Volume 2755(1161) Previous day's open let. 11136(11241)

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87-23 86-20 **CURRENCY FUTURES** 

LIFFE-STERLING (25,800 \$ per ) High Law 1.80% 1.80%

1-mth 3-mth 6-mth 12-mth 1.8111 1.8079 1.8023 1.7930 High Low Pres. 18145 1.8095 1.7980 1.8096 1.8050 1.7920 1.8030 1.8000 1.7864

370-385 72-73 3.35-3.50 71-71 4.50 7,00 14-14 24-34 3.40625 91-104 4.85 71-71 75-73

LONDON MONEY RATES

STERLING CONTRACTS Dealers were divided as to better than expected, then improved steadily in yesterday's whether UK base rates would rise upward pressure on the dollar Liffe market, encouraged by the to 9 p.c. or fall back to 8 p.c. would draw funds out of sterling and market, encouraged by the Dealers were divided as to better than expected, then FFr3.3779. The French franc ended slightly firmer against its EMS partners, reflected in a small improvement against its European currency unit central European currency unit central Frankfurt traders initially seemed to shrug off the effects of the day's high at 90.61, up from 90.50 at the opening and processor on the size of the day's high at 90.61, up from 90.50 at the opening and processor on the size of the day's high at 90.61, up from 90.50 at the opening and processor on the size of the day's high at 90.61, up from 90.50 at the opening and probably provide an opportunity to push base rates up to 9 p.c. On the other hand, a poor tick off the day's high at 90.61, up from 90.50 at the opening and moment sterling is being used as a parking lot for funds. There are lates down again.

One dealer extend the size of the day's high at 90.61, up from 90.50 at the opening and probably provide an opportunity to push base rates up to 9 p.c. On the other hand, a poor tick off the day's high at 90.61, up from 90.50 at the opening and probably provide an opportunity to push base rates up to 9 p.c. On the other hand, a poor tick off the day's high at 90.61, up from 90.50 at the opening and moment sterling is being used as a parking lot for funds. There are lates with a half point in do stick around for moth tend to stick around for mity to push base rates up to 9 p.c. On the other hand, a poor number, combined with recent at the opening and probably provide an opportunity to push base rates up to 9 p.c. On the other hand, a poor number, combined with recent at the opening and probably provide an opportunity to push base rates up to 9 p.c. On the other hand, a poor number, combined with recent at the opening and probably provide and

However with resistance expect no important figures due until ted around the 90.63 level and the proximity of April's US trade figures due until then the pound is regarded area, activity over the next few as a safe, neutral place.

The dealer stressed that there was too much speculative risk ahead of the figures, which was keeping many people on the side-However if US trade data are

LIFFE US TREASURY BORD FUTURES OPTIONS

CHICAGO 89-06 87-08 86-13 85-19 84-27 84-04 83-15 82-28 82-10 81-25

AGEM & Company
AAS - Allied Arab Bk
Allied Evon Bank
Herry Anstacter
ANS Serving Group Associate Cap Cerp Authority Bank B & C Westlam Bank AUDITY DETAIL BOY
BALL METAIN BOY
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BART OF LO Brown Strpter 8½
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 CL Bank Nederland 8½
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 Chartertouse Bank 8½

Cooperative Bank
Coatta Co
Cypras Popular Bk
Dustar Bank PLC
Dustas Laerie
Exederal Bank pk
Exter Trust Ltd
Figural & Geo Sec Grobark Grandlays Bank • Gunness Mahon Heritable & Gen Inv Bk .... | Herrishe & Gen un Dr. | 512 | Hill Samuel | 583 | C. Hoare & Co | 815 | Hongkong & Shangh | 812 | Linyak Sank | 815 | Meghraj Bank Ltd | 815 | Midland Bank | 815 | Mount Bokg Corp. | 812

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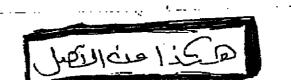
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### TUNIT TRUST INFORMATION SERVICE

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Matter unt	April   1.55	2 6 1 12 1 6 2 1 6 2
Parametry Bartiet Treat Machine Learning   -   2, 24   36 Garcer St. Landon, ECAR 18R   -   2, 24   36 Garcer St. Landon, ECAR 18R   -   2, 24   36 Garcer St. Landon, ECAR 18R   -   131 6 199.5mc   -   13	Light Trusts Limited   FMS Investment Management Ltd   FMS Investment Management Management Management Management Management	120 2 92 2 92 1 98 1 98 1 2 99 2 60 3 60
Do Acom 136 6 135 4 40 31 247 100 100 100 100 100 100 100 100 100 10	April   Apri	0 00 4 155 4 150 9 76 4 236 4 150 3 124 3 150 3 150 3 150
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Communities   1,43 0   151.5   19.4   1.48   Global Growth   19.0 6   53.24   49.3   01	## A Control of the C	
Selicities	Framiliagion Graup   1.0.25	00173
Seechild Treast	Visioner Philis	294 294 290 190 1739 145 133 136
I.G INDEX LTD, 9-11 GROSVENOR GARDENS, LONDON SW1W OBD Tel: 01-828 7233/5699 Reuters Code: IGIN, IGIO  FT 30 Jun 1433/1442 -12 Jun. 1807/1817 -27 Jun 2064/2076 -4 Sep. 1442/1451 -12 Sep. 1818/1828 -27 Sep. 2075/2087 -6  Prices taken at 5pm and change is from previous close at 9pm	Friends Control 1321 337 402 528 529 2192 10 68 6 6 6 6 72 10 10 10 10 10 10 10 10 10 10 10 10 10	0.4 4.37 0 0 0.20 0.20 1.20 1.20 1.20 1.20 1.20
	Employee Burkey   20   20   20   20   20   20   20   2	227 227 0 25 1 2 26 1 3 25 1 1 7 25 1 1 3 02 1 1 3 02 1 1 3 02
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FT CROSSWORD No.6,650 SET BY VIXEN  1 2 3 4 5 6 7 8	High income	2 450161 2 19 2 19 2 19 3 1 4.72 2 450161 2 150 3 1 2.99 3
12 13 13 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1	Carabili Unit Trest Magra List  Unit Front Magra List  Unit List  Unit List  Unit List  Unit List  Unit Front Magra List  Unit List  Uni	22 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2 2
22 23 24 25 25 26 26 26 26 26 26 26 26 26 26 26 26 26	Second	14 0 95 14 0 95 14 0 95 15 147 15 145 11 245 12 245
ACROSS 1 Used to get rebellious when  7 The crook almost tripped over	Dartingten Unit Treat Management Ltd   91-07-100   91-	1.57 1.5 1.51 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5 1.5
put out (6) 4 No panacea, that's definite (8) 10 Do women's work – fancy! (9) 11 Deal to back after all (5) 12 Score a point, being clever (4) 13 Principles of study technique (10) 15 Covers men last unfortunately (7) 16 Redding for the family? (6)  8 Meat reduction allowed (6) 9 Making fools do it is wrong (6) 14 Underwater illumination? (10) 15 Cut up over pit workers, they seek satisfactory answers (9) 18 He'll argue about a certain issue with little hesitation (8) 19 Falling to reach a conclusion (7)	Department   Figure   Record   1.58   1.56   1.47	0.3 0.30 0.7 1.31 0.1 5.25 0.1 1.56 2.7 1.56 4.0 1.56 1.505 6664 1.505 6664 1.505 6664 1.505 6664 1.505 6664
and put down (6) 21 Quietly agrees maybe to make a prediction (7) 23 The struggle to serve again is a racket! (10) 25 Skip like a young woman? (4) 27 Carol is about 50 and so shy(6) 28 but Olive maybe appears  22 A mean head of state causes humiliation (6) 24 A flash – a little electric energy discharge (5) 25 Monster climbing pass followed by soldiers (4) 26 Carol is about 50 and so shy(6) 27 Carol is about 50 and so shy(6) 28 BUEBLY PARIAVILOR	Department   Unit   Track   Management   Land   Landon   Sept.   Landon	1 36 
perpetually naive	Second   Column   C	
1 Subdued. so possibly move with care (8) 2 Inferior standing, and that's material (9) 3 A circus toxophilite (4) 5 The shade a friend holds painters love (7) 6 Old driver seeing a fight in	## After File Present, Ethioper   100   10	- 148 - 01 144 - 02 143 - 02 143



Financial Times Wednesday June 8 1988

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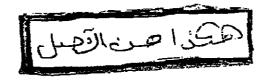
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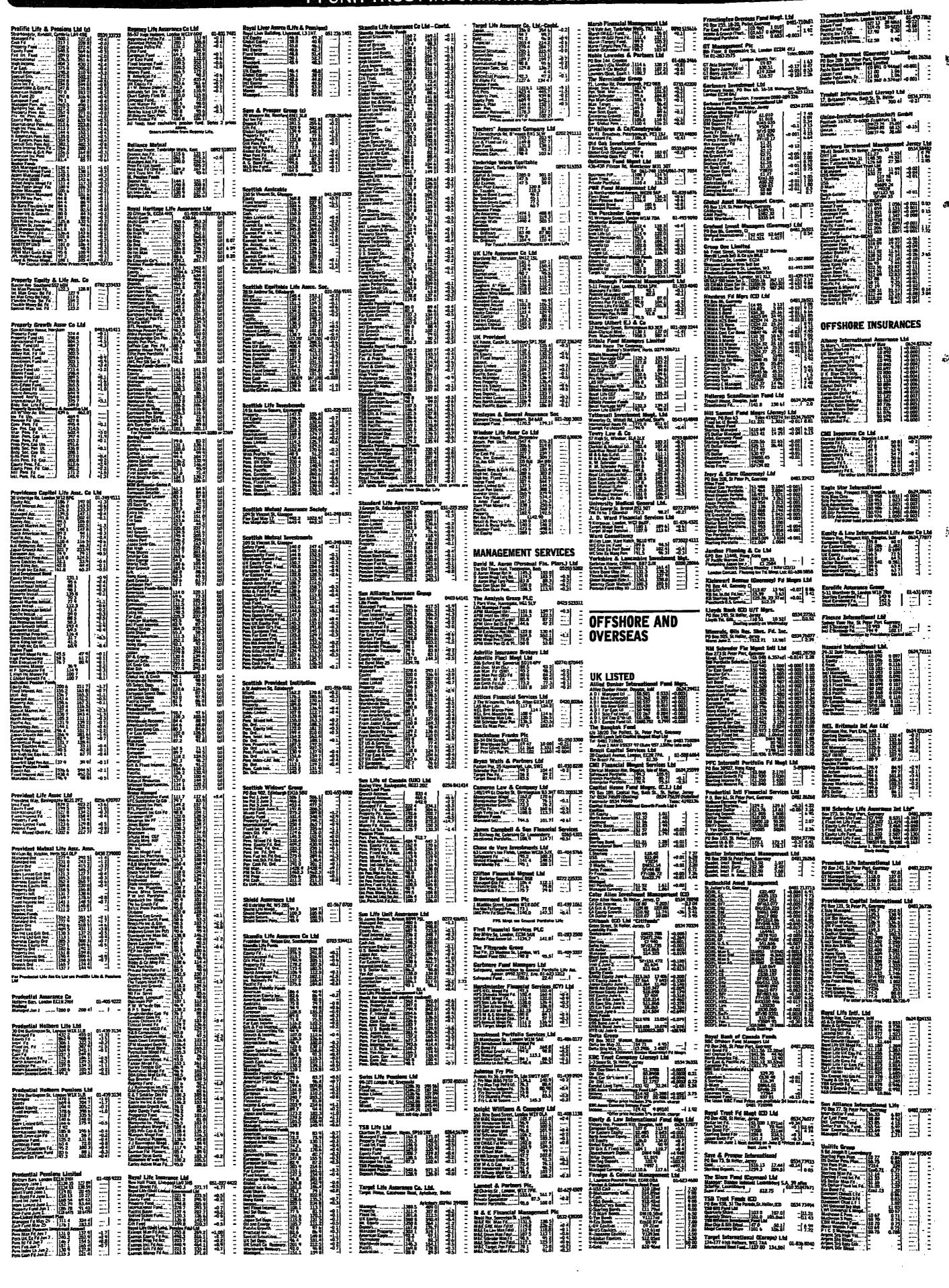
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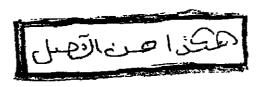
### Caruson Assurance Lis (2) 10 Imper May, Wenting HAP ONE 2015 Series Life Accountant the Edol's High Income Scott Series 100-1 120-6 High Income 1116-7 High Income 1116-7 High Income 1116-7 High Income 100-1 120-6 High Inco | General Particitio Life Ins. Pic-Cardid. | Service Inc. | 95.3 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | 1.0 | Emergrose Notes. 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	LEISURE — Control    1981	PROPERTY    1916	TEATH ES — Contact    1986	TRUSTS, FINANCE, LAND CONTIL    1986	Seek State S	THIRD MARKET  THE BIRCH LINE AND
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# Dealings Day Jun 3 Jun 13 Jan 16 Jan 17 Jan 27 June 30 Jul 1 Jul 11

THE NEW-FOUND confidence of the UK stock market was checked yesterday when a rally in the pound took the shine off the international issues which have been leading the sector to higher ground. A couple of small portfolio selling programmes car-ried out by UK brokerage houses proved sufficient to push the market down in a patchy trading session. Government bonds managed small gains but once again lacked retail support.

There was no sign of any sig-nificant change of view towards equities by the major securities houses. However, several analysts commented that "higher interest rates cannot be good for equities". There is still doubt equities". There is still doubt active than recently, easing 10 to over the outlook for the pound, 399p on 4.1m shares as the marand, therefore, fears that UK ket lamented the absence of a rates may have to go up again. statement from the General Cin Meanwhile, the City was cautious over yesterday's rally in the UK London this week.

The equity market sagged at higher with sterling but the midsession but steadied before absence of retail support the close. Turnover in the international blue chips was light, ICI recording only 1.6m shares, latest developments in the Glaxo 2.4m and Beecham 1.7m. domestic interest rate/currency The FT-SE 100 Index closed 12.5 situation. At the long end, gains down at 1820.3, having moved were no more than % and traders briefly below the 1820 support had little to occupy themselves, mark. Seaq turnover of 557.4m Index-linked issues remained shares (against 380.2m on Mon-close to overnight levels. day) caused market analysts to ask whether the increased volume on the downside indicated a and consequently for the pound

With turnover thin from the opening, the market over-reacted speculation over the eventual rulto the appearance of two minor ing from the Monopolies and sell programmes, which might Mergers Commission was stirred have had less effect in a more buoyant market. There were sug-gestions that one marketmaker, a major London securities firm, unsuccessful in bidding for the and which was attended by direcportfolio business, adopted spoiling tactics against his successful

The slackening of interest in (KIO) might be forced to reduce the conventional blue chips was its BP stake to 10 per cent from balanced by a fresh upsurge of the present 22.4 per cent. speculative excitement elsewhere. With the food sector dis- too drastic and therefore most couraged by Nestle's announce unlikely", commented a senior ment that it was extending its analyst at Kleinwort Grieveson, bld for Rowntree but not at pres"It is more likely that the KIO ent changing the terms, attention will be asked to trim its holding

switched to other sectors.

The financial area was featured by Morgan Grenfell, although Deutsche Bank said it would not with 7.1m shares traded, while at present increase its stake in the old, at 267p were 2 off on 7.2m Morgan Grenfell. The suggested of further restructuring in the financial services industry sent the honours in the oil and gas sector – BP apart – as dealers vet another bout of

Oil shares also sprang to life reported yet another bout of again, with BP regaining the heavy and sustained buying of market's attention. The latest the two stocks on stories that a

**EQUITY GROUPS** 

& SUB-SECTIONS

Property (51)
Other Financial (30)

Investment Trusts (81) .... Mining Finance (2) ..... Overseas Traders (8) ....

ALL-SHARE INDEX (713)

FT-SE 100 SHARE INDEX 4.

# Equities give ground in thin trading as takeover

dishearten the speculators who

have built up stakes in the UK chocolate firm. Higher terms

from Nestlé are still expected

fairly shortly.

Rowntree shares unchanged at

£10%, with turnover still curtailed by the stakes securely held

by the two Swiss predators. The London market is convinced that

either Rowntree will negotiate a final bid price with one of its two

predators, or that Nestle and

Suchard may agree between themselves to dismember the UK

Cadbury Schwennes were k

ema team, known to have visited Government bonds flicked

features dominate the scene energy industry has reminded speculators of the value of prospecting acreages to predators. The absence at this stage of any increase in Nestle's bid for Rowntree irritated but did not

	June	Jane	June	Jane	June	Year	19	88	Şirce Co	mpilati <del>en</del>
	7	6_	3	2	]_1	Age	High	Form	High	Low
Government Secs	89.72	89.62	89.43	89.50	B9.60	92.75	91,43 (18/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed interest	96.15	98.49	98.32	98.38	98.36	98.31	98.67 (25/5)	94.14 (8/1)	105.4	50.53 (3/1/75)
Ordinary 7	1445.1	1452.8	1444.4	1443.4	1439.6	1761.3	1478.7	1349.0 (8/2)	1926 2 (16/7/87)	49.4
Gold Mines	236.0	234.3	232.1	224.0	224.5	388.7	312.5 (7/1)	195 4 (13/5)	734.7 (15/2/83)	43.5 (26/10/71)
Ord, Div.Yield	4.56	454	4.58	4.58	4.59	323	<del></del>	S.E AC		
Earnings Yid. %(full)		11.66	11.76	11.76	11.80	7.79	- In	efices	June 6	Jone 3
P/E Ratio (net)(*)		10.49	10.41	10.40	10.37	15.83	Gilt Edged I	Bargains	104.6	107.9
SEAQ Bargales (Spm)	25,739	25,961	32,180	27,761	23,719	50,389	Equity Barg Equity Vals	ains 2		227.5 2769.2
Equity Turnover (Em)	-	924.53	1370.03	1190.75	1142.9	1157.21	5-Day avera	ge	.1	[ [
Equity Bargains	•	27,913	35,108	28,973	27,816	51,849		Bargains pai <i>n</i> s		136.1
Shares Traded (mD)	-	399.7	571.5	491.4	427.6	555.9	Equity Valu	e,	2280.3	2276.1
♥ Opening 10 a		11 a.m	] [12	p.m.	1 p.r	n.]	2 p.m.	3 p.m.	7 4	p.m.
1460.5 145		1451.2	1 1-	50.4	1446		445.9	1444.1		47.1

Sasis 100 Gowl. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Milnes 12/9/55, S E Activity 1974. \* Nil = 10.32

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

Analysts are in disagreement Morgan Grenfell shares spiralover the outlook for the dollar. led upwards again, closing 42 chant bank. higher at 345p, as stories of immiand thus for UK interest rates. BP shares traded actively as ble stake in the bank has been chant banking and securities built up by US group Goldman trading group, surged 23 to 345p. Sachs and that an eventual Smith New Court, the indepenby a breakfast seminar in the merger between the two groups, and another - Hoare Govett was mentioned as a possibility could take place. The "takeout pany. Hambros moved up to put level" for Morgan was said by on 8 to 278p. Singer and Friedlan-one dealer "to start at 500p a der remained the focus of attentors of the oil group. The market backed away from rumours that the Kuwait Investment Office

Thu Jan 2

index No.

No.

10.24 877.53 875.93 870.18 1042.63 8.12 539.41 529.74 511.67 512.15 27.23 1138.80 1142.22 1119.21 1949.96

14.09 944.69 938.84 934.42 1124.99

Jøn 1

Jue 2

1818.4 1832.7 1819.2 1810.3 1885.7 1784.4 2265.2

Year ago (approx)

Index No.

share".

The market was also alive with talk that a "white knight" could bid 100p a share for the bank "We think this would be much well emerge in the form of Deut- where it already holds a 10.4 per sche Bank, which holds a near 5 per cent stake, or Lloyds Bank. was, however, moved to comto 20 per cent, or just under, and not to go any higher." BP new shares eased 1% to 71p,

used to launch a bid for the mer-

Schroders added 25 at 875p dent securities house, raced up 10 to 185p, with a possible US predator said to be stalking the comtion amid talk that British & Commonwealth will eventually

cent stake. The insurance market was Lloyds shares held at 300p after alive with bid speculation main-turnover of 1.6m. Deutsche Bank lyconcentrated on the life sector, although it was also said that ment: "We have no intention at there was a general stock short-present of increasing our stake in age. Abbey Life touched 312p Morgan Grenfell from its current before closing a net 12 higher at Morgan Grenfell from its current before closing a net 12 higher at level." The firm performance of Willis Faber, up 3 at 257p after buoyed by rumours that a Conticent stake in Morgan gave added impetus to the takeover rumours. Other strong performances in the bid fever swirling around lifes came from London & Man-Morgan Grenfell spilled over into chester, 12 better at 290p. Pruother merchant banks with major dential, where turnover fell just securities operations. Kleinwort short of 10m, closed 1½ firmer at Benson said by traders to be 162½p, with traders reporting the

nent or that an agreed takeover "bang in the firing line after Moror of LASMO is on the cards.

Enterprise shares raced up 10 to 497p with speculators chasing to 445p on turnover of 1.2m, while LASMO jumped 16 to 452p with per cent recently acquired by US insurance group AlG could be reporting preliminary figures. The state of t reporting preliminary figures today, lost 3 to 416p. GEC featured a turnover of

6.2m shares with one trade of nent takeover moves grew ever while SG Warburg, not said to be 2.7m at 146%p thought to have stronger. Yesterday's rumours a takeover target but widely represented a "bed and break-suggested that a near disclosea- regarded as the number one mer- fast" deal. Otherwise the sector was untried, but Racal slipped back 8 to 313p on profit - taking despite revealing £18m worth of contracts to supply tactical radio equipment.

Brewery stocks continued to lack sparkle. Bass surprised most dealers with its agreed bid for Zetters Leisure, but the small amount of capital involved meant that the share price hardly moved before closing unchange at 804p. Zetters shares came out of suspension and jumped 39 to

Allied Lyons continued to trade down in the wake of the-Bond Corporation bid for Bell, ending the day 6 worse at 420p, while Guinness provided a bright spot and put on 6 to 333p. Market-makers said there were two large fair amount of interest. Amec

below 310p at one stage, before 10 on the day at 170p. Magnet, an closing at that level. Bid hopes have faded, but analysts said traded and settled 6 up at 251p in there was still buying interest. Unroover of 1.7m shares. Wiggins, the said Metropolitan fell back 7½ expected to report preliminary to close at 520p in restrance to figures to report preliminary. to close at 520p in response to figures towards the end of this sterling's rise.

The property of the close to the close t

a reature, with the spread widening to a pound as two buyers tried to trade in what one market which has long been virtually bid-only". After consultation with the Stock Exchange it was activity in British Dredging which gained 10 more to 156p.

Tate & Lyle shares moved to the stock of the the Stock Exchange it was above 800p at one point, but later announced that the stock was to fell back to close only 2 firmer at be reduced to gamma status as 783p with talk in the market suggesting that Hillsdown had

Arenson, one of the largest unsuccessfully attempted to office furniture manufacturers in place its stake of around 2m Arenson, one of the largest the UK, featured with a jump of shares in Tate; turnover in Tate 32 to 148p in the wake of the company's announcement of a bid approach. The market found it difficult to pinpoint a likely predator. Hillsdown was put forward as a possible candidate, but Adwest, the subject of persistration. was suggested that if an offer tent speculative activity in the is made it may come from a comprevious day's trading session, pany outside of the industry. A ran into profit-taking and fell to realistic takeout price was 344p before rallying to close only thought to be around the 160p 3½ down on balance at 349p.

Lodge Care, which also found activity. Camford Engineering itself the subject of a bid traded steadily better through approach, were similarly out-the day, ending 10 higher at 195p. nding, closing with a rise of 18 Worries about future earnings

Myson, an old takeover favourite, moved ahead strongly to by a County NatWest WoodMac close 23 to the good at 221p, while "Sell" recommendation based on further speculative demand left flat US sales projections for 1988 Nu-Swift up 7 more at 324p. and a consequent profits down-Revived Robert Maxwell stake grading. speculation left De La Rue 10 to the good at 394p, but Redfearn, reflecting disappointment with the interim figures, met with selling and fell away sharply to all the speculation left De La Rue 10 to Reed International strengthened ahead of today's figures, climbing 9 to 425p on less-than-28 lower at 458b.

Norcros rose to 391p after announcing preliminary figures in line with market expectations but subsequently drifted back to close a shade better on balance a 385p. Fisons edged up a shade to 260p on the decision to apply for a Tokyo listing, while Sketchley, still responding to the annual figures, firmed 4 more to 397p.

### **NEW HIGHS AND LOWS FOR 1988**

240 260 280

390 420 460

390 420 460

140 160 180

220 240 260

420 460 500

Hanses (\*2.33 )

Sea. (\*118.)

37 21 11

4323

5½ 12 23

10 22

22 44

18

68 52 24

spectacular turnover of 1.9m

Saatchi & Saatchi recovered some momentum after its recent trials. A New York presentation shares were briskly traded and closed 12 to the good at 388p in the wake of reports of an institutional meeting in the City. Pertrades which lifted the market, sistent speculative demand took Scottish & Newcastle disappointed its fans by dropping moved in and clipped the rise to below 310p at one stage before 10 on the day at 170p. Magnet, an on Monday helped to lift the

> 10 to 385p as the chairman fur-ther increased his stake in the company to just over 24.5 per Turnover in the Traded Options Market expanded considerably with 17,592 calls and 12.023 puts giving an overall total of 29,615 contracts. BP attracted the biggest turnover with 884 calls recorded and 3,232 puts carried out, mostly in the July 260's series, reflecting market stories that the KIO may be forced by the Government to reduce its stake in BP.

ation of 349p which was in line with most market expectations.

Elsewhere, Priest Marians firmed

### **Traditional Options**

• First dealings May 31 • Last dealings June 10
• Last declarations Sept 1

For Settlement Sept 12
For rate indications see end of
London Share Service Interest tended to fade in the Tra ditional option market. Stocks favoured for the call included Lucas, BOM Holdings, Bristol Channel, Fairhaven, Tranwood Oliver Resources, Johnson and Firth Brown, B. Priest, Carless Capel, Burndeue, Suter, Abbey Life, United Biscuits and A & M Group. No puts were reported but double options were arranged in Belhaven, Bula Resources and

TRADING VOLUME IN MAJOR STOCKS

The motors sector saw some

hit Jaguar which fell back 5 to

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm. 604 845 869 426 2,500

### RISES AND FALLS YESTERDAY

Same 14 33 837 404 51 8 64 159 17 364 141 25 4 54 48 360 3111 30 30 1,570 644

### **LONDON RECENT ISSUES** EQUITIES

American Palei Researca top date Checias Price \$60 150 230 \$30 \$30 1165 100 100 125 965 1150 140 964 125 96 18/5 200 12.60 550 1.7 15.5 17 27|5 3% 22%

FIXED	INTE	RES	STOCKS	_
issae Price	Amount Pald	Latest Roseac	1988	bracket

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"RIGH	TS" (	)FFE	RS		•		
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OTHER GROUPS (92)
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Day's Change

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876.60 533.21

Index No.

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9.06 9.90

Day's High

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Jun 6

Jun 3

FT – ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times.

the Institute of Actuaries and the Faculty of Actuaries

Earning Yield% (Max.)

ledex No.

Tuesday June 7 1988

Gross Div. Yield% (Act at (25%)

	FI	KED I	NTE	REST	•			AVERAGE GROSS REDEMPTION YIE	LDS	7se Jun 7	Mos Jun 6	Year ago (approx.)
	PRIGE INDICES	Tue Jun 7	Day's change	Mon Jun 6	xd adj. today	xd adj. 1988 to date	1 2	Compans 15 y	ears	8.57 9.18	8.91 9.21	7.81 8.59
3	British Government 5 years 5-15 years Over 15 years Irredeemables	122.89 141.06 149.59 166.22	+0.16 +0.23	122.77 141.21 149.30 165.91	8.37 0.06		9	Medium 5y Coupens 15 y 25 y High 5 y Coupens 15 y	6875 6875 6875 6875 6875	9.81 9.33 9.39 9.20 9.41 9.53 9.25	9.03 9.35 9.40 9.21 9.44 9.55 9.27	8.83 8.86 8.95 8.75
	All stocks	137.49	+0.15	137.49	0.20	5.19	Г	interestables		9.08	9.10	8.70 2.27
7	5 years Over 5 years All stocks	127.68 120.84 121.23	+0.07 +0.15 +0.24	127.59 129.65 121.85	- '	0.51 1.18 1.12	11 12 13 14	inflation rate 5% inflation rate 10%	5yrs Over 5 yrs 5 yrs Over 5 yrs	2.71 3.83 1.76 3.67	2.73 3.84 1.77 3.68	3.57 1.87 3.49
				118.82	<u> </u>	5.86		Dehs & Loans	5 years 15 years 25 years	10.23 10.65 10.68	10.23 10.65 10.68	9,49 9,88 9,98
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† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new ilst of constituent available from the Publishers, The Financial Times, Bracken House, Camon Street, London EC4P 4BY, price 15p, by post 32p. CONSTITUENT CHANGES: Guinness Mahon (68) has been inserted. RECLASSIFICATIONS; GPG (68) to (70).

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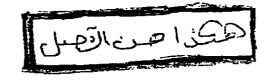
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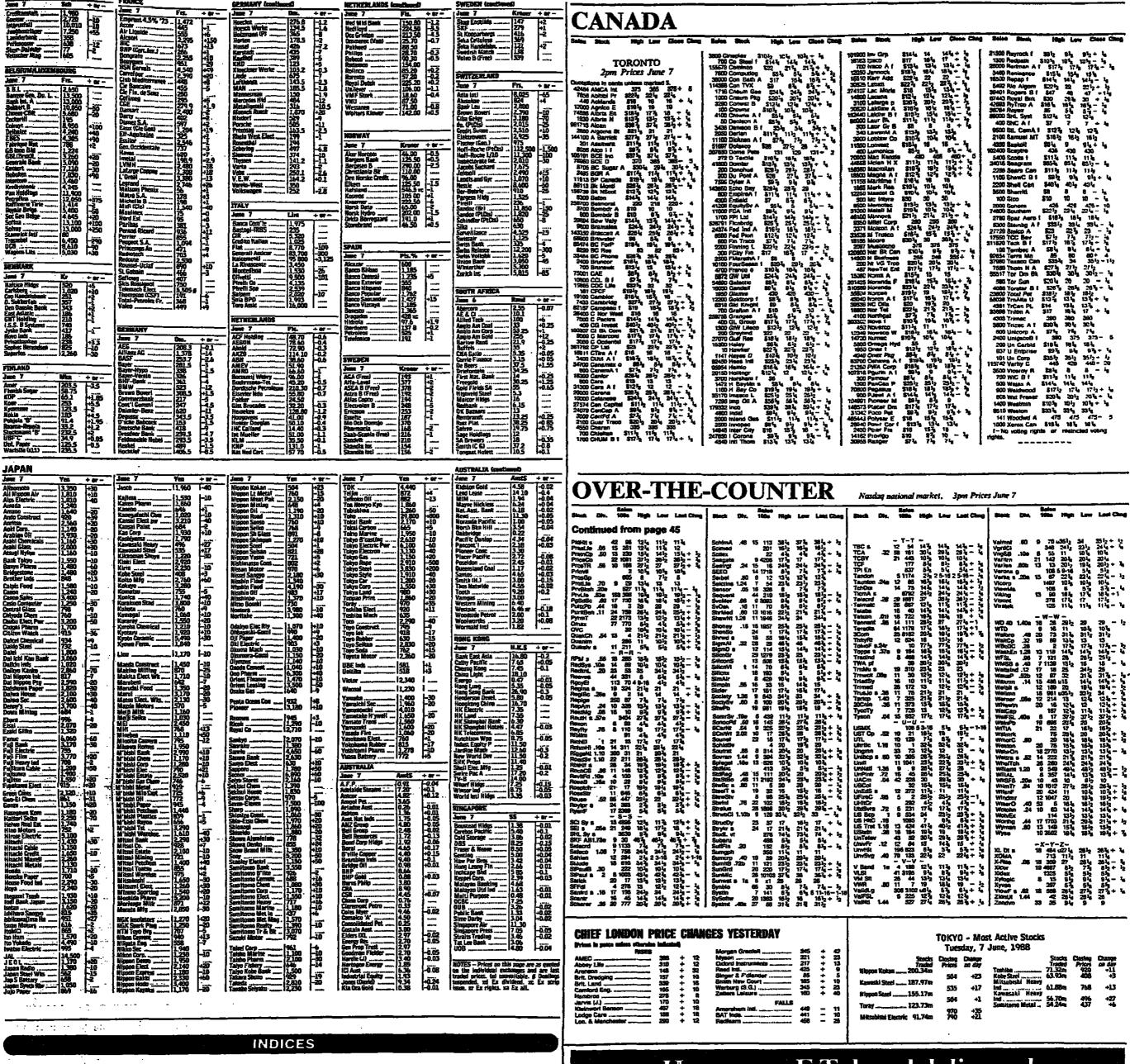
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### WORLD STOCK MARKETS



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833.60/4/11

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**FINANCIAL TIMES** 

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### **OVER-THE-COUNTER**

## Stock Dis. | 1806 | Migh | Low | Last Chang | Chiron | 618 | 17 s | 1

### AMERICA

# Equities hit by selling as bond market buckles

### Wall Street

EQUITIES WERE hit by a wave of selling yesterday, tracking closely movements in the bond market which once again buckled under concerns about inflation, writes Janet Bush in New York. The Dow Jones Industrial Average closed 20.62 points lower at 2,054.59. Activity was fairly lively with around 165m shares

changing hands.
US Treasury bond prices stood
% point lower in late trading and the Treasury's benchmark long bond was quoted ½ point lower for a yield of 9.11 per cent.

The modest rise in the stock market on Monday coupled with yesterday's sharp fall have plainly constituted a reaction to last week's very substantial price

There is very little for the markets to trade on this week, with only one important economic indicator due for release.

Bond traders in particular are focussing on Friday's producer prices index for May for further March. Economists at Griggs & evidence of whether inflation is Santow also point out that estibuilding in the economy or not. PPI at the end of last week was for a rise of 0.4 per cent, although than under \$10bn reported last some economists are looking for an increase of as much as 0.6 per adjusted basis.

A figure in this range is not likely to help the bond market build on last week's gains, particularly with a series of key economic releases due next week.

There is increasingly a feeling

that last week's recovery in both bond and equity prices brought markets back to values which, on the available evidence, are thought to reflect economic fundamentals. There has been a widespread view that financial markets had overreacted to infla-

The markets would need some definite good news on the econ-omy to be able to build on these gains. Although institutions and individual investors are widely reported to be flush with funds at the moment, there is still a great deal of nervousness about new commitments to either equities

Current discussion about next week's release of trade figures for April centres on a deficit of between \$12bn and \$14bn com-pared with the shockingly good \$9.7bn shortfall reported for mates for the seasonally adjusted The consensus forecast for the March deficit suggest the short-PI at the end of last week was fall was near to \$13hn rather

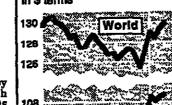
the Commodity Research Bureau's futures index was ignored. However, with demand apparently having dried up this week, the CRB index has once again become a negative for

four points on Monday and rose another 2½ points yesterday before falling back again. One of the more worrying components of the sharp rise in the index recently is precious metals prices. Demand for precious metals tends to increase when inves-tors are scared about higher

Surging metals prices have benefited stocks of mining companies which recorded healthy gains in the morning session before easing back in line with the broader market. Newmont Mining had added \$% but then closed \$1/4 lower at \$421/4, Phelps Dodge ended \$% higher at \$42% and Reynolds Metals gained \$%

Blue chips were weak. Interna- TORONTO share prices gave up tional Business Machines lost \$\%\text{ to \$113\%, American Telephone & falling gold issues depressed the Telegraph lost \$\%\text{ to \$26\%. Ford market.} Motor eased \$% to \$50% and The composite index, which Proctor & Gamble was down \$% had risen about 17 points in ear-

### FT-A World Indices





of one third of the proceeds from anticipated asset sales of \$5bn to shareholders. This will be accom-plished through a share buyback

ticipation or distribution.

Bay Financial jumped \$5% to \$17% after Country & New Town Properties, a subsidiary of Britain's Pennant Properties, said it was prepared to pay \$16 a share for the shares of Bay Financial which it doesn't already own.

### Canada

market.

nan under \$10bn reported last at \$76%.

Texaco added \$% to \$51 after a 3332.60. Decliners outpaced gain-diusted basis.

While bonds were rising last details of its restructuring plan 26.3m shares.

### **EUROPE**

# Bouts of profit-taking erode gains

around Europe yesterday, and recent gains. Paris was active again on speculative buying and ended slightly higher in spite of afternoon selling.

FRANKFURT opened lower on profit-taking and regained only some of the lost ground to close weaker for the first time in seven consecutive sessions. The fall in the dollar was partly behind the sell-off, seen mainly as a techni-cal correction after a string of strong gains.

DM12 at DM523 and electronics group Stemens, which announced after hours trading to hit 19,850. a computer systems venture with Intel of the US, down DM10 at day's highs as profit-taking set in DM374. Electrical utility RWE late in the session. The Indicaessed DM1 to DM199 after the previous day's news of its \$1.2bn purchase of Deutsche Texaco.

Luxury goods group LVMH

continued to buzz about the Monday's level as foreign inves-bourse regarding the sale of tors continued to stay away. The retailer Standa, up L970 at Crédit Suisse index lost 3.6 to 452. higher first-half earnings. L18.050, or 5.7 per cent. Ferruzzi's cement subsidiary,

Hong Kong

prices slightly lower after Mon-

London

THE STRONGER pound cursmall sell programme Speculators appeared not to be disheartened, however, by the absence of a higher bid national favourites ICI, Glavo and Beecham, which saw light trading, and the FT-SE 100 from Nestle for confectioner Rowntree, believing one is still index lost 12.5 to 1,820.3. Confidence was also hit by two

in the pipeline. Calcestruzzi, also saw active trad-ing, rising L801, or 9.2 per cent, to holders at its June 30 general L9,500. A local press report said meeting to approve a capital Ferruzzi was negotiating the sale increase. Blue chips saw the largest of the offshoot to the Pesenti posses, with carmaker BMW off group, which owns Italcementi, SF770 to SF3,180. The company's M12 at DM523 and electronics and the stock rose further in Zyma unit was ordered to remove its Catergen drug for liver dis-ease from the Swiss market.

Chemicals group Hoechst, which reported a 9.5 per cent rise in parent company profits in the first five months of this year, eased DM1.20 to DM276.80 house Givenchy Couture, eased MILAN lost ground on light selling, but closed above the lost a bit of its fizz after rising day's lows as buyers appeared late in the session. The MIB index fell 11 to 980. Trading was generally feature.

PARIS closed firmer but off the

Belgium's largest industrial, higher in moderate trading. Lively buying of oil giant Petrofina shares, which have ndex fell 11 to 980.

Trading was generally featureless, with the main interest provided by issues in the Ferruzzi-Montedison group, as rumours

yesterday at FFr855, down FFr3.

ZURICH slipped a little in modweeks, pushed the price up BFr75 to BFr12,050 on volume of 21,000 shares.

Yesterday at FFr855, down FFr3.

Event volume after the dollar to BFr12,050 on volume of 21,000 shares.

Trading activity eased from vay, the country's largest chemi-fonday's level as foreign inves-ors continued to stay away. The BFr13,000 after its prediction of Vontobel Holding bearers Metals company Vieille Mon- reached its fifth conse dropped SFr150 to SFr10,000. The tagne made good gains, jumping high, up 0.24 at 295.17.

mism about a possible return to profit this year and speculation that leading shareholders were seeking to increase their stakes.

AMSTERDAM investors continued to act cautiously, either staying away or taking profits, leaving stocks slightly lower.

Local institutions were still in a nervous frame of mind follow-ing reports that the coalition Government of six years could break up. The ANP-CBS general index lost 1.5 to 249.5.

HCS Technology, which has said it might be the object of a foreign takeover bid, feil 20 cents to FI 9.30, and graphical equipment and packaging company Bührmann-Tetterode dropped 59 cents to FI 45.20 after announcing the sale taking over Raldwin the

Among foods, bearers of Jacobs Suchard and Nestlé, rival bidders for UR confectioner Rowntree, were steady at SFr7,575 and down SFr30 to SFr8.620 respectively. Nestlé announced it would extend its bid to June 20 it was taking over Baldwin, the British packaging concern. STOCKHOLM attracted profit takers after recent gains and share prices slipped. The resigna-tion of Mrs Anna-Greta Leion. Justice Minister, over her han-dling of the Olof Palma murder inquiry had little effect.

Svenska Kullarfabrik (SKF), the subject of takeover rumours, closed unchanged at SKr279 after rising to SKr288 in heavy morn-

MADRID ended slightly higher after an early bout of profit-taking and the all share index reached its fifth consecutive

### Maggie Ford on a test of market strength

# Seoul aims to digest giant issue with ease -

FRIDAY promises to be a red letter day on South Korea's booming stock market. June 10, the first anniversary of the nationwide demonstrations for democracy, is also the day set for the first privatisation of a leading

Shares in the Pohang Iron and Steel Company (Posco), worth Won 2.5 trillion (\$3.4bn) and amounting to 7 per cent of the total size of the Seoul market, are to be issued. Many have already been allocated to low income

to spread more fairly the fruits of the country's economic success.

Analysts expect the market to absorb the giant issue with ease, buoyed as it is by seemingly irrepressible optimism and strong pressible optimism and strong liquidity from the continuing trade surplus. The composite index stood at about 160, rising to stock index has been marching and the continuing and the continuing trade of the composite in late January this year. Market to associate the composite in late January this year. Market to spread more fairly the fruits of a lack of special market-moving factors, equities strengthened further in the morning, with buying centred on the continuing rumours that a sessions of strong gains and to 1970 and Teigin Y4 to Y872.

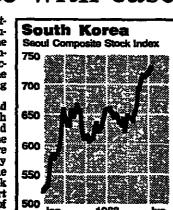
Nippon Telegraph and Telephone put on Y40,000 to Y243m on investor interest in a substantial decline in its margin buying balance.

Individual investors and business corporations was still the late. points - or 41.5 per cent - clos-ing yesterday at a record peak of Price/earnings

The Posco privatisation is only the first of a series that includes part of the Korea Electric Power Company and the Korea Exchange Bank. The Government is believed to want the market to remain strong throughout the programme, which could last as

ing and construction, appears to sentiment could be helped - or have given way to a circular pattern, according to Mr Steven Thomas of Schroders. "As soon as there is disappointing news in these stocks investors turn to

plans for financial liberalisation
of the capital markets and by
continuing revelations about march to the North Korean borpresent and future trade with
China and the Eastern bloc. Perfrom the other side. Should the sistent rumours of contacts confrontation end in violence, the between North and South Korea index may react - but few worry have further increased optimism. that the gloom would last for The Seoul stock market has long.



Price/earnings ratios have also climbed over the period, from an average of 9.4 to an expected 1988 level of 15.0, but the figure is still low by international standards. Senior government officials appear to believe that the market has the momentum to develop

speedily, keeping the gains in local hands until the pressure from abroad to open up the There appears to be little to worry about. The traditional pattern of investing in speculative stocks, such as financials, trad-

these stocks, investors turn to manufacturing blue chips."

Investors have been excited by government announcements of dampen Friday's positive spirit.

second day running, writes Shi-a method to mass-produce a sub-geo Nishiwaki of Jiji Press. stitute for chlorofluorocarbon 12. to 27,967.32 after moving between destroying the earth's ozone a high of 28,056.98 and a low of layer.

27,919.49, on the second largest volume for the year of 2.2bn issues related towaterfront rede-

shares, up from the previous velopment projects. Fujikura day's 1.6bn. Declines outnum-hardened Y50 to Y1,200, Onoda bered advances by 506 to 389, Cement Y10 to Y1,040 and Sumiwith 173 issues unchanged. tomo In spite of a lack of special Y71?.

Another unfavourable factor per cent government bond, was that the buying balance on maturing in December 1997, rose margin trading, or stocks bought on credit, on the Tokyo stock exchange was reported to have reached a record level at the end of last week.

Nignon Kokan tapped the

Selling by wary investors interrupts Nikkei's advance also reached its highest ever Cast Iron Works Y57 to Y1,010, leading shareholder, the Chiu share prices closed down, rose 4 cents to A\$1.94. CRA while Osaka Soda plunged Y60 to family, had sold its stake in the although off their lows, after an closed steady at A\$3.90 on turn.

Stimulated by the strong per-LATE SELLING dragged equities formance of shipbuildings and down for the first time in three steels, large-capital chemicals sessions in Tokyo yesterday, drew buying interest. Showa although the Nikkei average Denko moved up Y24 to Y855 exceeded 28,000 briefly for the after news that it had developed PROFIT-TAKING took share unchanged at \$6.30. eo Nishiooki of Jiji Press. stitute for chlorofluorocarbon 12, The Nikkei average lost 28.92 a chemical widely blamed for day's gains, with the Hang Seng index closing off 3.36 at 2,587.03. Turnover was HK\$1.11bn worth

stock index has been marching in late January this year. Market ness corporations were still the Elsewhere, Tokyo Rope Manurapidly to new highs and since capitalisation has risen from main buyers, while institutional facturing incurred a maximum the start of January is up 215.13 \$6.9bn in January 1986 to the investors began to move in. investors began to move in.

But early gains were later trimmed as investors became group of speculators had transwers over high volumes — last week's turnover reached a single-week high of 11bn shares — and over the Nikkei average's brief foray yesterday into previously unknown ground above to 28,000 for the second day running.

loss of Y500, or 15 per cent, to Y2,910 on rumours that one group of speculators had transperred its holding of the complex shares to another. Its tumble pushed down the Nikkei average by 48 points.

Bonds weakened on small-lot profit-taking in slow trading in the absence of fresh incentives. The yield on the beliwether 5.0

The yield on the beliwether 5.0

reached a record level at the end of last week.

Nippon Kokan topped the suc OSE stock average rising Nippon Kokan topped the active list with 200m shares eighth consecutive daily gain traded, gaining Y23 to Y504, on a turnover of 220m shares, up Kawasaki Steel, second busiest with 188m shares, firmed Y17 to a record Y535 and Nippon Steel advanced Y48 to Y773 and Kobe

unchanged. Among leading golds Randfontein ahed R2 to R262 and Driefontein was steady at R34.25.

De Beers, the leading dia-mond stock, added R1.55 to

close at R37.50.

### SOUTH AFRICA

THE ABSENCE of any marketmoving news led to a quiet day for equities in Johannesburg and gold stocks closed marginally lower in lacklustre trad-

mg. Most prices finished

in Brussels, in the heart of Europe, is Belgium's Leading financial institution.

prices, a weaker gold bullion price and Wall Street's uninspir-Hang Seng Bank was off 30 cents to \$26.90 and HK Bank was lost 3.3 to 1.596.5. Second liner Allied Properties

extend its bid to June 20.

BRUSSELS followed Petrofina.

topped the active list and fin-ished 7.5 cents up at \$3.375. leading gold shares firmed sions, with the Straits Times towards the close on selective industrial index easing 3.93 to Wharf gained 15 cents to \$7.25. of shares, down from HK\$1.34bn.

Several properties retreated, with Cheung Kong off 10 cents at HK\$7.45 and New World 20 cents lower at HK\$11.50. Sun Hung Kai and Hongkong Land were unchanged at HK\$11.40 and HK\$1.55 recognitively.

Wharf gained 15 cents to \$7.25. Whatf gained 15 cents

television station. Last week the family confirmed it had received bids for its stake.

Share prices closed down, rose 4 cents to A\$1.94. CRA although off their lows, after an closed steady at A\$3.90 on turn-over of 2.2m shares.

Overnight falls in base metal

ing performance contributed to the fall. The All Ordinaries index INVESTORS sold for profit after st 3.3 to 1.596.5.

Mine stocks were mixed but lower for the first time in 10 ses-

demand. Metana added 20 cents 1,031.19. to A\$9.70, taking its rise over two days to 50 cents. Barrack gained retail stocks led the way down in 15 cents to A\$2.20, while Renison active trading as buying interest. lost 24 cents to A\$9.96 and Placer focused on property and planta-Pacific dropped 8 cents to A\$2.72. tion issues and the less expensive

Buying activity focused on Malaysian stocks.

larger mines such as Bougainville Copper, which advanced 15 which proposed a one-for-five
cents to A\$4.40, and MIM, which bonus issue, lost 5 cents to \$\$2.05

Singapore-based industrial and

# GENERALE BANK 1987 RESULTS UP

Generale Bank, with its registered office Parent company and group results increased in 1987. Profits rose by 11.5% and 8.7% respectively after depreciation and provisions. It should be noted in particular that the provisions made by the bank for soyereign risks compare favourably with the average for international banks.

The prospects for 1988 appear promising.

Balance Sheet Total Sources of funds: Shareholders funds and surbordinated loan slock Gastomers deposits

Due to banks Loans, Securities & other claims: Private sector and Belgian public sector
Banks 14,243 Results ..... Gross profit. 416. Provisions depreciation, Group net profit

### A NEW EUROPEAN DIMENSION

Looking forward to 1992, Generale Bank entered into an alliance with Amro Bank in February 1988 with the aim of forming an integrated European banking group. Work is currently in progress on ways of achieving this objective.

Generale Bank's main shareholders are Société Générale de Belgique (12.4%), Amro Bank (10%), AG Group (7.8%) and

various other institutions (9,3%), including the Solvay Group and Union Financière Boël. The remainder, i.e. approximately 60%, is held by the public.

If you wish to obtain a copy of the 1987 Annual Report, please contact the Corporate Relations Department (3, Montagne du Parc, 1000 Brussels - Belgium).



# Generale Bank

Montagne du Parc 3 - 1000 Brussels Tel.: (32-2)5162111 - Telex: (046+)21283 or 61050

### FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THESDAY JUNE 7 1988				MONDAY JUNE 6 1988			DOLLAR INDEX			
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (88)  Australia (16)  Belgium (53)  Canada (125)  Denmark (39)  Finland (25)  France (128)  West Germany (99)  Hong Kong (46)  Ireland (18)  Italy (102)  Japan (456)  Malaysia (36)  Mexico (14)  Netherland (38)  New Zealand (2D)  Norway (25)  Singapore (26)  Syalin (42)  Syalin (42)  Sweden (36)  Switzerland (55)  United Kingdom (327)	105.43 80.94 124.43 119.13 136.91 163.05 123.80 80.53 137.10	504415572317644413336946251 999999999999999999999999999999999999	117.51 71.88 101.26 99.75 105.69 112.89 79.21 63.45 110.97 57.49 140.68 116.82 132.89 86.26 60.21 101.81 97.47 112.02 133.41 101.30 65.89 112.18	119.93 78.23 110.02 108.62 114.81 117.84 87.97 69.14 104.14 122.55 66.75 136.62 141.81 39.65 92.60 61.88 34 140.06 109.74 71.34 71.34	3.73 2.62 4.58 3.12 2.53 1.78 3.68 2.68 2.68 2.59 3.87 3.00 0.52 2.56 4.99 5.86 2.27 4.98 2.59 4.99 4.33	142.87 87.99 123.25 122.03 128.57 135.65 96.59 77.78 103.39 70.68 171.31 142.24 162.59 105.73 119.09 125.17 119.09 124.10 124.10 80.94 136.99	117.51 72.37 101.37 100.37 100.37 105.75 111.58 79.44 63.42 109.71 140.99 116.99 113.73 86.98 60.98 102.96 113.03 102.08	119.80 78.53 109.73 108.91 114.45 116.41 87.95 69.41 120.68 67.41 136.55 141.52 404.41 93.02 62.17 106.57 110.94 88.70 139.32 110.37 71.86 112.68	145.74 98.18 139.89 125.49 129.52 137.98 96.81 80.79 105.83 135.63 81.74 177.27 142.77 142.77 146.00 132.23 119.13 139.07 163.05 125.50 86.75 141.18	91.16 84.35 99.14 107.06 111.42 106.78 72.77 67.78 84.90 104.60 107.83 90.07 95.23 64.42 98.55 97.99 118.16 130.73 96.92 130.73	134.10 88.39 117.40 126.27 119.84 110.10 91.50 122.21 101.36 135.89 168.60 211.91 116.83 96.40 140.91 140.9
USA (579)  Europe (1013) Pacific Basin (673) Euro-Pacific (1686) North America (704) Europe Ex. UK (686) Pacific Ex. Japan (217) World Ex. US (1885) World Ex. UK (2137) World Ex. So. Af. (2404) World Ex. Japan (2008) The World Index (2464)	108.06 109.05 168.15 144.52 108.80 91.63 122.48 143.68 129.23 129.87 109.76	-0.6 +0.0 +0.4 +0.3 -0.1 +0.0 +0.0 -0.1 +0.0 +0.0 +0.0	88.42 89 22 137.58 118.25 89.02 74.97 100.22 117.56 105.74 106.26 89.80	93.77 134.56 118.34 108.11 82.27 108.69 117.84 114.69 114.62 103.10	3.62 3.78 0.71 1.65 3.59 3.29 3.94 1.73 2.11 2.30 3.68	108.77 109.05 167.54 144.16 109.47 91.70 122.14 143.34 129.31 129.93 110.15	89.46 89.69 137.80 118.57 90.04 75.42 100.47 117.90 106.36 106.86 90.60	108.77 94.10 134.49 118.42 108.79 82.48 108.69 117.94 114.97 114.92 103.61	110.51 110.71 172.26 147.53 111.28 92.81 122.48 146.49 130.28 130.96 110.99	99.19 97.01 130.81 120.36 99.78 80.27 87.51 120.26 111.77 113.26 100.00 113.37	121.22 154.65 141.31 121.98 102.49 127.38 141.02 131.74 133.31 122.36

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US \$ Index), 90.791 (Pound Sterling) and 94.94 (Local).
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